The Credit World

Only Magazine Devoted Exclusively to Retail Credit

August, 1935 —Vol. XXIII, No. 11

New "Outlook" From National Office

An outstanding development---through use of civic credit: The New Plaza in St. Louis, built through a bond issue to replace an unsightly tenement district

Photo Courtesy St. Louis Post-Dispatch

1. Missouri Pacific Building—the home of the National Association. (N. R. C. A. offices on Fourth Floor—N. C. C. R. C. on Sixth Floor.)

2. Telephone Building. 3. New Court House. 4. New Federal Building. 5. City Hall. (Arrow points to "before-and-after" remodeling exhibit—F. H. A. Plan.)

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Editorial Comment

By L. S. CROWDER

Selling *All Types* of Merchandise on Deferred Payments

ELSEWHERE in this issue of The Credit World appears the address of Ira D. Bloom, Assistant Credit Manager of Stix, Baer & Fuller Company, St. Louis, delivered before the Twenty-Second Annual Convention of this Association at Rochester, June 20. In the July issue of The Credit World appeared the address (on the same subject) of Warren G. Finnan, Credit Manager, L. Feibleman & Co., Inc., New Orleans.

Until very recently, Managers of Credit Sales frowned on the sale of what might be termed "soft" lines of merchandise on deferred payments. It was argued that the adoption of such a plan would lower the prestige of the store and there would be no value to the merchandise if repossessed.

In fact, for many years some of the leading department stores of the nation declined to sell any merchandise on an installment basis. Exceptions were made in most stores, but the terms granted were usually thirty, sixty and ninety days, with four months' maximum on large purchases. Such accounts were carried as regular charge accounts. Special terms, beyond 90 days, regardless of the financial responsibility of the customer, had to be approved by the General Credit Manager—and in some instances by an officer of the company.

Times have changed and the trend at this time is for an increase in volume, which many store executives feel may be had only through a plan appealing to customers who for years have been buying other types of merchandise on easy payments. It is a well-known fact that the majority of such customers make their payments promptly on or before maturity. The average credit manager selling merchandise on time payments stresses the importance of the weekly, semimonthly or monthly payment being made promptly, on or before due date.

Discussing this subject recently with several merchants, in a city of approximately one hundred thousand population, I found them unanimous in the opinion that time payment customers of Montgomery Ward & Company and Sears Roebuck & Company made excellent credit customers, *because the first requirement of both companies is that the customer furnish complete credit data at the time of making application for an account.* Credit is checked carefully through the credit bureau, the customer is informed that payments are expected in accordance with contract and, in the event of failure to pay, the accounts are followed up promptly and diligently.

The sale of all types of merchandise on time payments is fundamentally sound. For most stores such a plan will result in a decided increase in volume. Some stores with a better class clientele may hesitate to advertise such a plan, but it can be promoted successfully through the credit department. The manager of credit sales and his assistants can effectively sell the plan in their personal contacts with the store's customers. Another effective means is by correspondence and by enclosures in monthly bills, explaining details and advantages of the plan.

Stores catering to the average customer, and in the past selling "hard" lines of merchandise (such as furniture, refrigerators, radios, etc.) on installments, will find it advantageous to announce the plan in the daily newspapers, as well as by enclosures and through personal contacts of the credit personnel.

The first step in assuring profitable business on this plan is to procure from the applicant for credit, full details as to employment, trade and other references, and have a definite understanding with the customer as to amount to be purchased and method of payment.

To control the purchases, the plan used successfully by a number of stores is recommended. I refer to the Letter of Credit, on which the limit is shown and against which the purchases, as made, are recorded. Another plan is the use of a Purchase Ticket, all purchases being entered thereon and before delivery is made, the Purchase Ticket must be approved in the credit department.

The second, and a very important step, is to check the applicant through the local credit bureau. The report should not only cover the experience of firms to which the applicant referred, but also all information in the files of the credit bureau.

The follow-up of installment accounts is important. At the time credit is granted, a tickler card should be prepared (a desirable size is 3" x 5"), and on the card should appear only the name and address of the customer. It should be placed in the tickler file to come up within three and *not more than five days* following the due date.

The first notice should be a very simple one and the form should be printed for use in a window envelope. It should show the name and address of the firm, immediately below a sentence reading "The amount shown below is past due and

should be paid immediately" (or something similar). Then should appear the account number, the due date and the amount past due.

If the account is not paid within ten days, another notice should be mailed. This should likewise be printed in such form as to be enclosed in a window envelope. This notice, which should also carry the account number, the due date and the amount past due, should be along the following lines: "Your attention is again directed to your past due account. Immediate payment in person or by mail is requested."

If remittance is not forthcoming as the result of the second notice, it is recommended that the customer be contacted by telephone, or if there is no telephone, a specially written letter should be mailed. If remittance is not received within ten days, a collector should then be sent to the customer's residence. The telephone is recommended as more economical and equally as effective as any other collection method.

Stores having sold other types of merchandise on time payments will find it desirable and profitable to follow up customers who have made payments promptly each month. The plan of selling *all types* of merchandise should be called to their attention and the suggestion made that the plan be used in the purchase of such merchandise in the future. It has been the experience of many stores that this class will use such a plan regularly. In fact, the account will most likely develop into a continuous one, practically a monthly account, with a carrying charge for the additional time granted the customer in which to make payment.

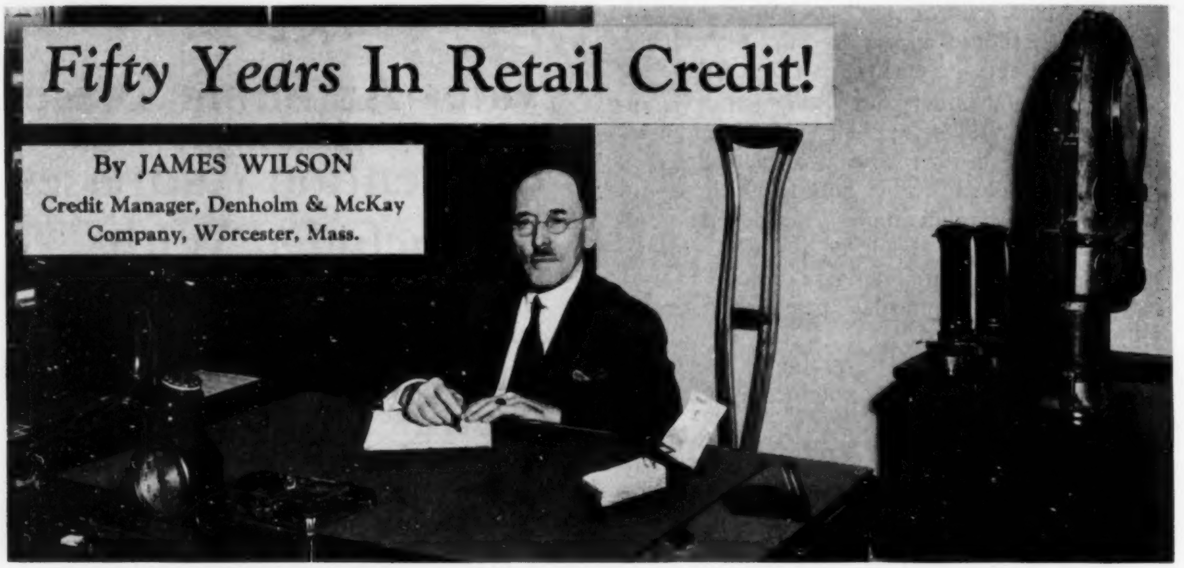
The initial purchase should be for a minimum of $20.00; a down payment of 25 per cent should be required; the carrying charge should be at least one-half of 1 per cent per month, or 3 per cent of the deferred balance, if the time granted equals six months. The minimum carrying charge on the initial purchase should be $1.00, and on subsequent purchases one-half of 1 per cent per month on the deferred balance.

Several addresses on this subject were delivered at the Rochester Convention last month. Further details of the Feibleman or Stix, Baer & Fuller plans may be procured through the National Office, or by addressing Messrs. Finnan and Bloom in care of their respective firms. Details of other plans and forms in use will be procured by the National Office from member firms on request.

Local Secretaries: In the July issue we requested that the names of chairmen and members of local legislative committees be sent to W. J. Morgan, *Chairman National Legislative Committee,* care Brooks Brothers, New York City. *This is important! Please send the names immediately.*

Fifty Years In Retail Credit!

By JAMES WILSON
Credit Manager, Denholm & McKay Company, Worcester, Mass.



IN JUNE, 1885, after one year in high school, I went to work in my father's dry goods store in Rockville, Conn. Having studied bookkeeping, I opened a small set of books to take care of the constantly increasing credit business.

The former method was simplicity itself. When a customer charged goods, the transaction was entered on a slip of paper which was stuck on a spindle. When the account was paid, the slip was receipted and given to the customer.

Even in those days, we were confronted with the slow-payer, and I acted as collector, also clerk; and among other merchandise, sold bustles and hoop-skirts. Thus was I initiated into the great subject of credit!

In June, 1886, I went to work for the Denholm & McKay Co., as assistant in the office, at a weekly salary of $5. Although the store occupied five floors, containing 36,000 square feet, there was not a typewriter in use, nor was there one in any store in Worcester, then a city of over 72,000 population. *The store now has an area of over 300,000 square feet, or nearly seven acres.*

All letters written by executives and buyers were written in longhand, and among my other duties was the copying of these letters in a copying press. The letters were placed in a bound book containing tissue leaves. A cloth was dampened with a sponge, the letter was inserted between the cloth and tissue leaf. The book then was placed in the press. By means of a wheel on an upright screw, the book was compressed as in a vise. Thus the letters were transferred to the tissue leaves.

There was only one telephone. Accounts were carried in bound books. Also among my duties were the sorting out of original charge checks, into alphabetical order, entering them in longhand in ink into a long day book, and posting the entries to the customers' accounts in an unwieldy, heavy ledger. In order to find a customer's account, it was necessary to consult a bound index in which were entered the numbers of the ledger pages.

Bills were written in longhand and many of them rendered quarterly. There were, in 1886, about 300 accounts. *There are now over* 47,000!

Take-with charges were approved by the floormen. Each floorman carried a small book containing a list of undesirable customers. *Imagine the size of a book a floorman would be obliged to carry now!* The floormen were supposed to know all the charge customers.

In the early nineties, this plan was abolished because of excessive losses, and all charges were sent through a pneumatic tube to the office where they were approved by consulting the ledger, or from memory. (The carriers were propelled by foot power.) About the middle nineties, a card system for the approval of charges was established, using small cards, 3" x 5", in shallow wooden trays.

In the meantime, the ledgers were superseded by the so-called Boston bank ledgers with the customers' names at the sides of the pages instead of being at the top. The months of the year were printed at the top of the pages, and we were obliged to open a new ledger every year. Finally, as the charge business increased, bound books were found to be too inelastic in that accounts were sometimes transferred many times, owing to lack of space, and in 1902, card ledgers succeeded the bound books.

In those early days, there were no credit bureaus in New England, and the granting of credit was more or less guesswork.

The first retail credit agency in New England was started in Boston, Mass., in 1901—the second, in Worcester, Mass., in 1902, by the merchants and credit men. It was a merchant-owned agency and was called the Fidelity Mercantile Agency. At the time the agency was started, I was at home in a wheel chair unable to walk, having been injured in a ten-mile bicycle race.

However, I was very anxious to participate in the meeting of organization, therefore, I was carried in the arms of two men and placed in a "hack." There were no automobiles in those days.

At the meeting I read a paper on "The Necessity of a Retail Credit Agency in Worcester." (This agency in 1916 became the present Credit Bureau of the Worcester Chamber of Commerce.) The agency now has over two million ratings on 350,000 customers. At the present

time, there are over 1,200 retail credit bureaus in this country, affiliated with the National Retail Credit Association.

In the nineties, ledger experience was interchanged by telephone or letter. As an illustration of the attitude of one of the credit men in those early days relative to ledger interchange, it is interesting to note that I sent seven inquiries one day to a large store. I received them back with a courteous note from the credit manager requesting me not to send any more inquiries as it took too much of their time to answer them.

From these simple, crude methods, it is a far cry to the modern accounting and credit procedure now in daily use. It has been a process of evolution. Man moved slowly for thousands of centuries. He has advanced with headlong speed in the last half century.

Yesterday, the pen, the pencil and the eraser. Today, office machines which perform, in large part automatically, the most complex bookkeeping problems with accuracy and with rendered proof. But the inventive genius of man has not yet produced a robot which can judge between a desirable and undesirable applicant for credit, or collect money from those unwilling or unable to pay.

In 1912, I received an invitation from Mr. S. L. Gilfillan, then Credit Manager of the L. S. Donaldson Co., of Minneapolis, to join with him and thirty-three other men in organizing a National Association. Thus I became one of the founders of the National Retail Credit Association.

That same year at my suggestion, the Associated Retail Credit Men of Worcester was established. In 1921, I was on the committee which formed the New England Retail Credit Grantors.

In 1928, I became an instructor in Northeastern University, Worcester Y. M. C. A. Division, School of Business. (I am teaching a course in Consumer and Mercantile Credit and Collections.) The School of Business now enrolls 764 students in its evening classes. These students are adults, employed during the day, either securing an original education or keeping themselves up-to-date on the rapidly changing economic life of today.

The race for supremacy in business is very keen in these unusual times, and the prizes will go to those who have prepared themselves. I thoroughly believe that success in the future will depend largely upon the willingness of individuals to continue educational pursuits after they have finished what heretofore has been termed their educational career.

"Knowledge is Power," an axiom stated centuries ago, was never more applicable than in 1935. These students in the School of Business are mostly working for a degree, B.C.S. (Bachelor of Commercial Science), taking three evening courses a year—three evenings a week—two hours each evening for five years, fifteen courses in business.

After working all day, to complete this program requires patience, enthusiasm, stick-to-it-iveness, courage, self-sacrifice and energy. I take off my hat in admiration for these earnest young men and women adding to their store of knowledge. I shall treasure most highly the memories of the contacts and friendships I have made in this valuable and interesting work.

The CREDIT WORLD, the first three months of this year, conducted a symposium on the "Greatest Credit Problem of 1935." There were many interesting opinions and a wide divergence of views among the foremost retail granters of this country relative to this interesting subject. Many were of the opinion that the most important problem is the rehabilitation or rejuvenating of charge customers whose credit was formerly good.

Apparently, however, there is a problem which has not yet been solved by many credit men. I refer to the necessity of maintaining a sufficient collection percentage to provide capital for the successful continuance of a retail business. During the years since the depression started it has been difficult to make money. A leading authority has stated that in 1932, 1933 and 1934, 75 per cent of the department stores lost money.

In answer to my letter of inquiry, The Harvard Bureau of Business Research of Harvard University, states:

"The net profit of department stores as indicated by our studies has varied considerably in recent years. Prior to 1929 the percentage had been dropping gradually, and since 1929, the decline became much more precipitate.

"In 1929, for example, the average net profit for department stores was about 1.2 per cent of sales. By 1932, this had been turned into a loss of 6.4 per cent of sales. In 1933 operations were on a more favorable basis, the loss being about 2.1 per cent. Preliminary figures for 1934 suggest that the loss was reduced still further last year. These figures are all for net profit after charging interest on the investment."

It is apparent, therefore, that an account not paid in sixty days is conducted at a loss, unless a carrying charge of one-half of one per cent per month is added on all balances over sixty days old. This new community credit policy is now in effect in many cities of this country.

Prompt collections are of vital importance to every business, as profits are largely dependent on the turnover of capital and frequent turnovers are not possible if slow collections develop to any extent. The existence of a large number of slow accounts represents a loss of capital that could be used in the conduct of business, and at times this lack of money necessitates the assistance of bank loans with the consequent interest charges.

Another consequence of slow collections is the influence it has on sales. For example, a customer owes ac-

(*Continued on page* 21.)

In Spite of Handicaps - - He Has Carried On!

James Wilson, in 1902, suffered injuries (in a ten-mile bicycle race) which left him paralyzed from the waist down. Notwithstanding this handicap, he continued on the job—and with wonderful results. In fact, he is one of the outstanding credit executives in the United States.

He is a charter member of the National Retail Credit Association and in 1912 took the initiative in the formation of the Associated Retail Credit Men of Worcester. In addition to his other duties he finds time to instruct a class in Credits and Collections at the Northeastern University (Worcester).

Lincoln's Successful Community Credit Policy

By G. D. PEGLER

Credit Manager, Iowa-Nebraska Light & Power Co., Lincoln Neb.; President, Lincoln Retail Credit Association

ABOUT two years ago, the Lincoln Retail Credit Association members were receiving information concerning the plan of a Community Credit Policy. In the fall of 1933, we received copies of the "Symposium" presented by The National Executives Council through its Chairman, Leopold L. Meyer, Houston, Texas.

At this time, a "Committee on a Community Credit Policy" was selected by the president of the Association and they began at once to study plans and ideas for a policy and to call meetings of credit executives and store managers. A great mass of opinions and methods came out of these meetings.

It reminded one very much of the material for a huge bonfire on a university campus in celebration of a football victory: The larger stores representing the excelsior and kindling, the medium stores, the boxes, orange crates, etc., and the smaller stores, the posts, old tires, etc., on the top of the heap.

This pile of inflammable material, stacked high, stood for some time without much change. Sometimes a new idea would be hoisted to the top but the general structure remained the same.

On November 20, 1934, Chas. M. Reed, President, and L. S. Crowder, General Manager-Treasurer of the National Retail Credit Association, addressed a gathering of 200 Lincoln business men and credit executives at a dinner at the Cornhusker Hotel in Lincoln, Nebraska.

Their talks showed the necessity and advisability of a Community Credit Policy and gave figures showing successful operation of the plan in many other cities.

Their addresses were the matches which lighted the huge bonfire. The larger stores (the kindling) started signing the policy.

The fire spread to the medium-sized stores and they began to flame. Then the fire reached the top of the pile, the smaller stores, and they signed the policy.

The plan was put into effect *January 1, 1935,* although the policy provided that the carrying charge on open accounts would not be included until March statements were made up and issued *March 26.*

Open accounts and contract accounts, opened after January 1, were all taken subject to the provisions of the Community Credit Policy which provides for a carrying charge of one-half of 1 per cent per month on monthly charge accounts more than sixty days old, and also provides that a carrying charge of not less than one-half of 1 per cent be added to the purchase price of contract accounts.

The Lincoln business houses agreed upon an insert which was proposed and sent with *December, January,* and *February* statements. (*See next page.*)

Display advertising was used in the local daily papers —also a news story telling of the policy and its provisions. Cooperation was secured from the managing editors and several editorials were printed.

Not only were the *stores* well pleased with the plan but the *buying public* almost instantly favored it!

Editor's Note:

This is the second of four articles on the "Advantages of a Community Credit Policy"—from addresses at the Twenty-Second Annual Convention of the National Retail Credit Association, Rochester, N. Y., June 18-21, 1935.

The first appeared in the July issue—the others will be published in succeeding issues.

In order to get an expression from the various firms in Lincoln, Nebraska, I asked the credit managers of several stores, representing different lines of business, to express their views and opinions on the plan in a written form. Several of these written statements follow.

From R. E. Hassell, Credit Manager of the Rudge & Guenzel Company (a department store), we received the following:

"The management of our store is very glad to report that they are well pleased with the manner in which Lincoln's Community Credit Policy has been received by our customers. The general reaction seems to be very good although we have hardly had sufficient time in which to give it a fair trial.

"We have had probably six or eight minor complaints out of approximately 10,000 accounts and we have had no one close their account because of the carrying charge.

"Several customers called it to my personal attention that they were paying their accounts before the first charge was billed, and this leads us to believe that it is going to be a factor in speeding up collections.

"The *revenue* in the course of a year's time is going to be quite an item. It costs our store such a small amount to handle the charge that practically all of it is clear. We feel, however, that the revenue is *secondary* since the *primary* purpose of the plan is to increase collection turnover, and we are confident it is doing this very thing.

"As to the Community Credit Policy as a whole, the management feels that it is a step forward toward saner and safer credit practices. It has already resulted directly

in the tightening of credit policies, and we believe it is another means of educating Lincoln people to more prompt paying habits."

And from H. S. Oxley, Credit Manager of the Hovland-Swanson Company we have the following expression:

"We are pleased to advise you that after having adopted the Lincoln Community Credit Policy, by which we are charging a carrying charge of one-half of 1 per cent per month on any balance that is sixty days past due, it is working out very satisfactorily. Over the three months' period in which we have been adding this charge, we have found that about one-third of our accounts are subject to the carrying charge which means that one-third of our accounts are taking more than sixty days. Up to the present time we have had only one complaint.

"We believe this policy to be the most outstanding of any policy that the Lincoln Association has adopted and while we have no figures to date as to the amount of this charge we will collect, we believe it will be very nearly 100 per cent, and over the period of a year it will greatly reduce our collection expense."

From J. L. Owens, Credit Manager, Miller & Paine (probably the largest department store in Lincoln), we have in part the following:

"We have received six complaints, and no accounts to our knowledge have been closed because of the carrying charge. Three of the complaints were from good average accounts usually from two to five months in arrears. Three were from accounts with very few purchases and very unsatisfactory payments.

"In some cases we have noticed that collections have been speeded up on accounts usually in arrears, and some are paying in full each month.

"Indications, from our experience so far, are that the prompt customer will continue to pay promptly. Another group who could usually pay promptly but, due to neglect, prefers for the stores to finance them somewhat, is arranging to pay promptly; and the habitual slow pays will pay for their service.

"I believe the plan is very fair and, psychologically, it should appeal to almost any type of customer."

From H. R. Amos, Treasurer, Magee's Incorporated, a men's, women's and boys' clothing store, we received this information:

"The following are the statistics on our first three-months' experience with the carrying charge.

"In March, we charged a total of $170.00. This charge was made on approximately 40 per cent of our accounts. Our collection percentage for March was 4 per cent better than for March of last year—and was the best percentage we had had since 1924.

"In April, we charged $150.00 carrying charges which represented 34.5 per cent of the accounts we have on our books. Our collections increased 4.5 per cent over April of last year and were also the best we had had since 1924.

"In May, we charged $139.00 carrying charges representing 32.5 per cent of our accounts. Our collection percentage was 2.6 per cent better than May of last year; and the best May we had had since 1925.

"The above information would indicate that the carrying charge has increased our collection percentage very materially, 7.4 per cent less accounts being charged with this carrying charge than there were when we started. At the same time our charge business has increased and our collection turnover has shown a decided improvement. We have had very few complaints. In fact, so far, but three people said they would refuse to pay the carrying charge. Since that time two of these accounts have purchased merchandise—and in both instances the accounts have been paid promptly.

"So as far as we know, we have lost no accounts through this carrying charge. Since this charge has gone into effect, we have opened approximately 400 new accounts and in no instance has any one objected to signing the application which states that a carrying charge will be placed on the account when it becomes sixty days past due.

"The month following the first carrying charges made, we credited back $4.50 on accounts that had failed to pay the carrying charge—and most of these were for checks mailed in at approximately the time the statements were mailed out so that these people paid from an old statement and not from the new one. Since that time we have credited back less than $4.00 each month that the plan has been in operation.

"A few days ago a man came in and stated he had paid his account and later found another statement which

MONTHLY CHARGE ACCOUNT TERMS.

For your convenience, monthly charge accounts enable payments to be made in one sum for purchases made during the previous month. Purchases made during one month are payable in full not later than the tenth of the following month.

To make charge account service fair to cash customers and prompt paying charge customers, a reasonable carrying charge will be made when it is necessary for any balance to remain unpaid sixty days after statement is rendered.

Accordingly, beginning March 26, 1935, a carrying charge of ½ of 1% per month will be added on any balance more than sixty days old. This policy coincides with that of many other cities and is necessitated because all merchandise is priced on a cash basis.

Cordially yours

LINCOLN RETAIL CREDIT ASSOCIATION

LINCOLN, NEBRASKA.

The Announcement Insert—Enclosed with December, January and February Statements

had a carrying charge on it of 22c. He made a special trip in to pay this 22c additional because he said he appreciated having had the additional time in which to pay his account.

"In general our customers have responded very agreeably to this plan and seem to feel that it is a very fair charge and if they do require a little additional time in which to pay their accounts, they are glad to pay the small charge and also feel that the merchant is entitled to it. I feel this plan is working out wonderfully well for us and I believe all of the merchants in Lincoln who are using it are meeting with the same success that we are."

From H. B. Smith, Credit Manager of Gold & Co., we have the following:

"We have had very few complaints, although we found it necessary to make a few adjustments. On the whole, we believe the idea has general customer acceptance and we believe it will result beneficially. We find there has been a decrease each month in the total amount of the charges, which seems to show a healthy condition. We are well pleased with the results so far."

From H. C. Barber, Manager, Credit Sales Department, Ben Simon & Sons (clothing store), the following:

"When Lincoln adopted the Community Credit Policy, there was a great deal of fear expressed by the merchants in general as to the effect it would have upon the closing of accounts due to the adding of carrying charges. There seemed to be a feeling much as one experiences before an approaching storm. This peculiar sensation was experienced by the business men and credit men, as well as the charge account customers. Everyone anticipated, more or less, that a large number of accounts would become inactive.

"Contrary to these forebodings, the Community Credit Policy, in so far as I have observed its effects, has been a tremendous and gigantic success. We did not close one single account and, out of all of our accounts, only six or seven of our patrons complained. These complaints were minor in character and several were due to clerical mistakes such as adding too large a charge or posting a charge on a balance not over sixty days old. When one considers that, out of 7,000 customers or over, only six or seven complained, one soon realizes that on this score, the policy should be considered successful.

"Many of our old-time and faithful patronizers who were in the habit of letting their accounts drag, came in quietly and, without saying a word, brought their accounts up to date so as to conform with the Community Policy. The thing that attracted my attention, however, and afforded me most pleasure was that the small accounts of a few dollars, which ran along unheeded by the customer, were paid up at once. This was due to the minimum carrying charge of 5c which was posted on all balances of $10.00 and under, which were sixty days past due.

"I was informed by some of the Community Policy 'knockers' (so to speak), that a lot of people would not say anything to us, but would merely pay up their accounts and refuse to use their credit on future occasions. This prediction, however, failed to materialize as our records show that credit sales have increased as much as 10 per cent, as well as having a nice increase in total sales.

"At this date, five months after the policy's adoption, everything in the credit line runs on much as before in that the consuming public takes the new terms for granted and I have not heard of a single complaint in the last three months.

"The storm that was anticipated before the policy was enacted turned out to be a gladsome ray of sunshine expediting the payment of accounts and also making an added earning for the credit department which will undoubtedly equal any write-off for losses during the year. Candidly, it has far exceeded our most sanguine expectations, and those who have fear in their hearts should not hesitate to adopt a carrying charge policy even though it seemingly might be impossible to have it a community affair. The people are with you and are 'for' it."

These statements concerning the success of the Community Credit Policy have been made by men who are in constant touch with credit conditions and are thoroughly advised as to the success of the policy. The Lincoln Community Credit Policy *is* successful and we feel that *by the first of next year we will be able to change our policy from a sixty-day to a thirty-day period.*

H. T. La Crosse a Convention Guest

The Rochester Convention was honored in having as a guest Mr. H. T. La Crosse of the United States Department of Commerce. Mr. La Crosse, who is directly in charge of the Retail Credit Surveys conducted by the Department of Commerce in cooperation with the National Retail Credit Association, was given a hearty welcome.

Progressive Stores *and* Bureaus Cut Operating Costs *With Telautographs*

Telautographs Save 40% in Time and Labor on All Inquiries and Reports

Telautographs save the time of one person in transmission of all information. There are no "waitings" or "call backs," as is the case where verbal communication is used, and gossip is entirely eliminated.

With the Telautograph, you write your message, in code form, and it appears instantaneously at the other end of the line—regardless of whether the credit man is "in" or not, or whether it is before or after business hours. When he does come in, the report is there waiting for him.

Every Telautograph message is timed and dated, and in indelible handwriting. Thus there can be no misunderstanding regarding when the message was received or answered or regarding the complete name and address mentioned therein. The Telautograph saves all this time now spent in checking such misunderstandings.

•

The Industrial Bank & Trust Company of St. Louis, Mo., and Sears Roebuck & Company, Youngstown, Ohio, Contracted During July for Service to Their Respective Bureaus

•

25 Bureaus and 156 Great Stores Now Have Telautographs!! Are You One Of Them? If Not, Why Not Investigate This Service Now? It Will Save You Money. Average Cost—Bureau-Store Service About $1.00 Per Day!!

Send for Our Man Now! No Obligation—Of Course

TELAUTOGRAPH CORPORATION

16 W. 61st St., New York City

Prompt Collections As a Sales Builder

By CLAYTON J. HERMAN

Credit Manager, Sibley, Lindsay & Curr Co., Rochester, N. Y.

WHENEVER we discuss plans for increasing sales, we should first answer the question so often avoided by many merchandising men and advertisers: "Where may these increased sales come from?" What are the possible sources? I suggest we will find only three:

1. Secure the business of the competitor.
2. Find new business the competitor has overlooked.
3. *Increase the buying power of the individual and thereby increase the purchasing power of the public in the community.*

Now it is an axiom that the only possible permanent growth of any organization must be in relation to its market. We have seen in the last few years the result of overgrowth. We must consider any such matters from the viewpoint of the community as a whole, and then again from the viewpoint of the individual, for the community is only the average of the individual.

We have now standards of products and standards of advertising. Price cutting has come under control and agreements concerning delivery and services, returns and so forth, do away with competition that is costly to the seller and of no benefit to the community. (Note how the advantage to some single individual is submerged and removed.)

To build sales for ourselves, then, we may either take them away from someone else or, by providing a new or better economy, get them where they do not now exist.

Now we come to some relations of credit to sales. Let's see where that leads.

Credit has, unfortunately, another side to the ledger page. The other side is "debit,"* which means nothing more or less than the homely word "debt," and every dollar's worth of credit provided leaves its recipient with that much debt.

Is debt good for the individual? Only to the extent that it is good for his permanent well-being, his character, and adds to his services in the community, can it possibly be an economic benefit for the individual or add to the potential future sales capacity of the individual or the community.

Fundamentally all sales are barter—only we have now a medium of exchange (more or less uncertain in value now). But a barter of a pair of shoes for a bushel of potatoes is not complete or of value in the business or economic progress until the potatoes are delivered; or, today, until the money representing the potatoes is in the hands of the seller. All credit transactions are but evidence of an intention of completing a barter at some future time.

Sales for future payment may be of modern or economic need to facilitate the marketing requirement of the age, *but only for that purpose.* To postpone the completion of the barter, or in other words, to over-extend credit—to grant credit solely as a means of selling, a sort of premium to buy—can never do otherwise than put over to a later date the final act of the business transaction.

There Is No "Pay-Off" in Theory!

So much for the economic theory, but there is no "pay-off" in theory! So let's look at the individual and this debt side of the page:

Mr. Credit Manager! Are you in favor of long-time extensions for yourself, and your family? Are you more comfortable, happier, more wealthy?

Do you buy more goods over a year's time because you can be carried on some vendor's books for three or four months instead of thirty days, or because you may in effect borrow a sort of running loan seldom or ever to be entirely liquidated? Does it permanently improve your buying ability or your reserve financial strength to accumulate indebtedness past due or beyond the budget you have set when making a time-payment purchase? *If not, are you any different from the general run of well-favored people?*

If long-time terms are not good for us and our purchasing power, how are we going to enhance the buying power or financial health of our community by doing exactly what is admittedly not sound for the individual in it? It seems rather clear then, that the only avenue of increase in sales through collections, lies in improving the welfare of the community by improving the financial health of the unit of the community, the individual, the customer.

Editor's Note:

This is the first of three addresses on this subject, delivered at the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935.

The others—by J. R. Clark, Monnig Dry Goods Co., Fort Worth, Texas; and Aug. C. Wehl, Gimbel Brothers, Milwaukee, Wis., will be published in later issues.

Nothing of permanent value can be gained by merely seeking to advance next month's business to today, by becoming increasingly a personal loan office without interest or security, and without reasonable knowledge of the small loan business!

Leaving aside the question of the ethics of the business house which professes to sell at one price and deal equitably with all and which provides accounts on speci-

*"From the Latin *debitum*, what is due, debt."—*Webster.*

fied terms and then collects promptly from many, on longer time from some more, and much longer from others and continues to grant retail loans to those who, it is known, will not pay within the proper time—leaving aside all question of expense, holding only to the question we have here, of how may sales be improved through collections—let us inquire of the possible prospects for charge sales improvements.

Not in our cash customers, that is merely increasing our expense.

Not in business from our competitors, by a sort of premium of long-time credits. Our competitor can answer that and the mad race is on, to no benefit anywhere and of much damage.

Not to our prompt paying customer. Our merchandising department should do that.

Whom have we left? *The slow accounts only,* and in eliminating them, what may be gained?

Certainly, every account running to excess must some time be stopped. Either we stop it or the customer stops it to catch up. In either case we have lost a percentage of our sales—permanently if our stoppage has made a deep offense—possibly but temporary—but a stoppage just the same: *Lost business that never can be made up.*

Now it follows that every account overdue on our books has started on the road to trouble. True, only part will arrive, but you cannot identify which part; and above all, we cannot measure the constant loss we incur through the curtailment of buying by those who themselves recognize the excess of personal debt which we have allowed *or, worse yet, solicited.*

The answer? Simple to give, but not so simple to practice!

Accounts paid when due are our best prospects for charge business today.

Accounts overdue cease to be our prospects as their debts or time increase.

Is Credit Management Only 42 Per Cent Efficient?

The average collection percentage of the department stores of the United States last year was 42 per cent. But do you believe that 58 per cent of the people of the United States, the better grade of risks, those entitled to or receiving credit, are slow pay? Certainly not by their own inclination!

Who has made them so? We have, and by doing so, we have ignored one of the few remaining sources of business health in the individual and in the community, and one of the very few remaining sources of increased sales.

If this is true, that this 58 per cent do not want to be slow, what excuse have we for this percentage? If on the contrary, they are slow by intention and desire, it is a sad commentary on our efficiency as credit managers to put over one-half of our customers on the books, whom we know or should know will not pay their bills when due!

We have been fond of calling our trade a profession, akin to law, medicine or accounting, and most of us are measuring our proficiency by comparing our collection percentages this year with the percentage of a year ago. If the standard of last year's performance against this year's is not the best, what is the measure of success or failure, in the collection of accounts, and *are we* professional people?

How long would a lawyer last who lost 58 per cent of his cases, and would you patronize a physician who buries 58 per cent of his patients? What would you think of an accountant, whose books were only 42 per cent in balance? I submit, therefore, that we have very little license to claim credit management as a profession until we demonstrate a reasonable professional proficiency.

There is an unavoidable percentage of delinquency in our accounts due to sickness, accidents and contingency. It may be as high as 15 per cent, but I would rather place it at 10 per cent. Leaving 90 per cent of our receivables collectible when due, and the difference between that 90 per cent and the percentage we have can be called a measure of inefficiency.

Why Can't We Do a Better Job?

But we say, "I can do no better." Why?

1. "Because I am not the owner and I do not fix policy"—

Perhaps, but if so, no group is more constantly seeking expert and competent advice than retail management and we are the credit advisors of our businesses. Provided by knowledge, by experience and above all by sound judgment, we make our influence of some value.

2. "Because of competition"—

That is probably the most overworked alibi in retailing. Apparently very few are leaders and all are followers, and want to be so. The answer to that is the many cities which have changed their credit habits in the past five years.

And note this: The business that maintains a high standard of accounts, regardless of its local competition, is always found among the leaders. That isn't just accident. It is unfortunate that we are spending so much time on methods to take good business away from each other that we may forget the possibility of making general business better.

3. "Because of possible offense to those trained to be slow pay"—

I can't believe that 50 per cent of the customers in the community want to be slow pay. We have made them so, and if we are competent in our profession we can train our accounts to be prompt just as easily.

4. "Because, generally, it can't be done"—

Oh! Yes, it can! There is an increasing number of concerns today whose accounts are paid 70 to 75 per cent when due, some even up to 80 per cent or even better, and the people of one community are no different from those of another. Almost at the opening of this convention, the representative of the Minneapolis stores told us what had been done there.

We have then, if we agree with this reasoning, a definite job in the economic scheme to improve the business health in a manner only we as specialists in personal debts can do! And among the compelling reasons for that are healthy and increased sales and the maintenance of our accounts in a condition permitting a true economic benefit to both buyer and seller.

Selling *All Types* of Merchandise On the Time-Payment Plan

By IRA D. BLOOM

Assistant Credit Manager, Stix, Baer & Fuller Company, St. Louis, Mo.

IT IS rather well known that the firm with which I am privileged to be connected has pioneered in time-payment selling in the Saint Louis trade area. Consequently we receive many communications requesting information regarding our plan, and it is not unreasonable for us to assume that many stores either have been selling miscellaneous merchandise on convenient payments, or will do so within the very near future.

Editor's Note:

This is the second of four addresses on the subject, delivered at the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935.

The first appeared in the July issue—the others will be published in forthcoming issues.

In preparing this paper, the statements made were predicated on the assumption that those stores going in for this type of selling have sufficient capital available for the financing of their own accounts. However, if an adequate down payment plus carrying charge is secured at the time the contract is entered into, and the length of time granted for complete liquidation is held to a period of not more than five months, very little additional capital beyond that required for monthly charge accounts is needed.

Many credit men, as well as store owners, have stated definitely that they are opposed to this type of selling, since it has a tendency to cause a trading down by attracting the lower bracket of the consuming public. This is true, with certain qualifications, but may be held to a minimum by a dignified presentation of newspaper advertising, direct-by-mail advertising, inserts, and notices placed within the store.

It is only natural that our first reaction to the mention of installment selling is one of aversion, since the origin of time-payment selling at once conjures many things synonymous with unfair business practices. However, with the advent of the financing of the purchase of automobiles (without which plan of financing the automobile industry would be far removed from its present magnitude), much of the reluctance to buy on time payment has been overcome. While it is true that many necessities, as well as a few luxuries, were sold on an installment basis prior to the sale of automobiles, the automobile industry must be accorded due credit for having elevated this type of selling to its present good repute.

Due to the promotional efforts of the manufacturers and a demand by the consuming public for the better things of life, the result of an unprecedented era of prosperity, plans for financing the purchase of practically every commodity having repossession value have come into being. Until more or less recently, the fallacy existed that nothing lacking in repossession value should, or, rather, could be sold on time payment. It has also been held by the credit fraternity that the purchaser should have a substantial equity in the article purchased.

Experience Proves Soundness of Plan

How little this theory was founded on actual fact has been proved—the soundness of time-payment selling, in the speaker's opinion, admitting of no argument.

Our own experience has proved this rather conclusively, since our bad debt losses on budget accounts in 1934 approximated less than one-fourth of 1 per cent more than our losses on monthly charge accounts. Our total losses, on both types of accounts for 1934, were substantially less than one-half of 1 per cent, from which figure it should be at once apparent that our losses on deferred payment accounts were negligible and amounted to only a very small part of the additional compensation received in the form of carrying charges.

The fact that the buying public, after a fashion, demands the privilege of buying on the installment plan is evidenced by the increasing tendency to liquidate monthly charge accounts on a basis of partial monthly payment. If permitted, this is decidedly unprofitable, since each additional day required for turnover of receivables definitely increases the amount of capital necessary to do business. Unless there is a community interest charge on delinquent accounts, the store is also deprived of additional revenue, much more substantial than the average person realizes, in the form of carrying charges.

Digressing, just for a moment, may I direct your attention to the fact that recent governmental efforts and activities relative to real estate financing, especially with respect to home owners, have consistently favored long-term financing of ten, fifteen or twenty years as against the old prescribed method of requiring the home owner to refinance every three years? To me it seems that the efforts of the Home Owners Loan Corporation and the Federal Housing Administration are modifying real estate financing as installment selling is tending to modify the extension of consumer credit.

A Safe Medium for Increasing Volume

While it has been the opinion of the large majority of credit men that miscellaneous merchandise should never be sold on time payment, this plan of selling offers a safe medium for substantially increasing volume and, in addition, offers more than adequate compensation for the short additional time granted for payment. I am sure that not a credit manager present will deny that he has

accounts on his books for payment of which from ninety days to six months is required.

On the assumption that this is true, why, then, would it not be decidedly wiser to permit the purchase of this merchandise on a convenient payment account, securing at the time of sale a down payment of from 10 to 25 per cent, plus a carrying charge ranging from one-half of 1 per cent monthly, figured on the unpaid balance, with a reasonable minimum, to a charge of 10 per cent, which is the rate required by some stores?

Are not both logic and common sense on the affirmative side of this question—more especially in view of the fact that most states, even by contract, will not permit interest in excess of 8 per cent to be charged, and some states, like Illinois (absent an agreement), deny recovery of any interest on open accounts? I am not aware of any state that has yet attempted to restrict or limit the percentage which the seller may exact as a carrying charge.

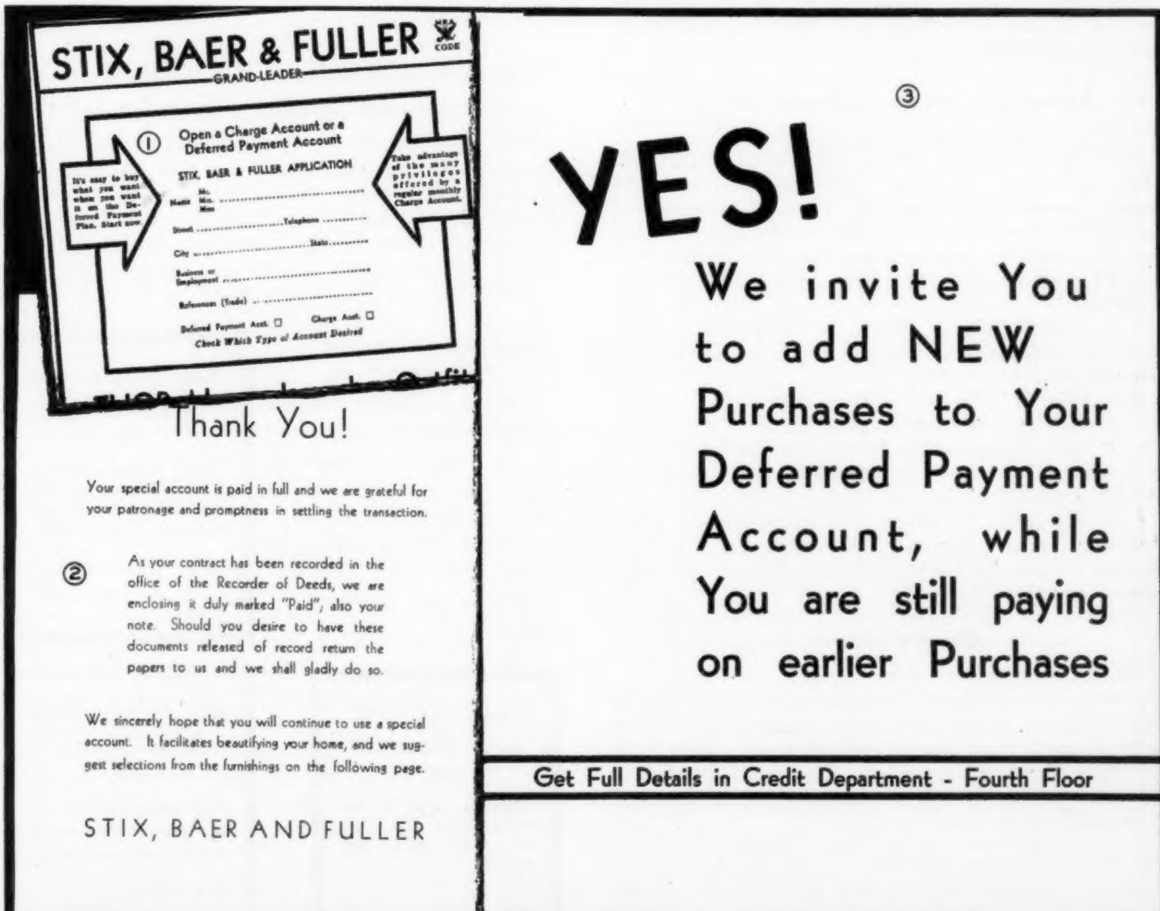
(EDITOR'S NOTE: *Figure 1*—below—is a credit application form which is often included in the store's newspaper ads. *Figure 2* shows the first page of a four-page letter, sent to paid-up contract-customers. Second and third pages describe advantages of deferred payment plan and list merchandise which may be bought under this plan. *Figure 3* is one of many placards displayed throughout the store.)

There is a certain psychological element also that should have full consideration, and that is the fact that payment is required of specific amounts at regular intervals. Such terms are much more likely of completion as per schedule than are regular monthly terms requiring complete liquidation by the tenth of the month following purchase.

While an outstanding Philadelphia department store has quite successfully sold miscellaneous merchandise on time-payment plan for a period of approximately twenty years, the majority of other institutions began extending time-payment privileges to meet certain expediencies that did not exist prior to 1929, or, if they did exist, only in a limited way!

Many customers, inherently honest and capable of meeting all requirements of a monthly charge account, with the possible exception of not having sufficient income to permit liquidation of accounts monthly, applied for credit accommodations. In order to maintain volume, eliminate the loss of profitable business, and to retain the good will of the applicant, a deferred payment account was arranged.

The requirements for this type of account are essentially the same as for regular charge accounts except as regards income. By spreading the time for liquidation over a period of several months rather than by the tenth


STIX, BAER & FULLER
GRAND-LEADER

(1) Open a Charge Account or a Deferred Payment Account

It's easy to buy what you want when you want it on the Deferred Payment Plan. Start now.

STIX, BAER & FULLER APPLICATION

Name Mr. Mrs. Miss ....

Street .... Telephone ....

City .... State ....

Business or Employment ....

References (Trade) ....

Deferred Payment Acct. ☐ Charge Acct. ☐

Check Which Type of Account Desired

Take advantage of the many privileges offered by a regular monthly Charge Account.

Thank You!

Your special account is paid in full and we are grateful for your patronage and promptness in settling the transaction.

(2) As your contract has been recorded in the office of the Recorder of Deeds, we are enclosing it duly marked "Paid", also your note. Should you desire to have these documents released of record return the papers to us and we shall gladly do so.

We sincerely hope that you will continue to use a special account. It facilitates beautifying your home, and we suggest selections from the furnishings on the following page.

STIX, BAER AND FULLER

(3)

YES!

We invite You to add NEW Purchases to Your Deferred Payment Account, while You are still paying on earlier Purchases

Get Full Details in Credit Department - Fourth Floor

(1) Application Blank from newspaper ad, (2) Letter to paid-up contract customers, (3) Store placard. See Editor's Note above.

or the fifteenth of the following month, the applicant who could not quite meet the requirements for a regular charge account, immediately became eligible for an installment account.

Since practically all department stores, and women's apparel stores, sell fur and fur-trimmed cloth coats on time-payment plans—merchandise which offers very little, if any, repossession value—it is rather difficult for the speaker to comprehend the reason for refusing to permit the purchase of *any type* of wearing apparel on the same basis. As heretofore mentioned, it does have a tendency to attract the lower class of patrons. For that matter, so do the bargain basements of the various institutions, and it is extremely doubtful that any firm operating a basement store would consider eliminating that part of its organization in order to avoid attracting the lower bracket of trade.

By being privileged to buy any type of merchandise on deferred payment basis, the customer feels that the store has taken his interest into consideration and, as a consequence, manifests his appreciation by continuing to use this service. *If a time-payment account is once established, the store is reasonably certain of retaining, for an indefinite period, the patronage of that particular customer.*

It might be well at this point to list what, in the speaker's opinion, are the advantages as well as the disadvantages of entering into an aggressive campaign to promote time-payment selling:

Advantages of Installment Selling

1. It is a very distinct aid in increasing volume.
2. It offers means for selling the border-line applicant who, particularly in a large institution not having the positive control over its accounts possessed by a smaller store, would necessarily have to be declined for a monthly charge account, but who can, with the more positive control afforded by a time-payment account, be sold on this basis.
3. It enables the store to convert the habitually slow-paying thirty-day account into a profitable and satisfactory deferred payment customer.
4. It helps to build good will.
5. It broadens the field of competition.
6. It offers greater safety by reason of the down payment required, the specific payment dates, carrying charge, and the possiblity of replevin.
7. It is a means for educating customers in the habit of making prompt payments. Such customers, when their incomes increase, become potentially satisfactory monthly account customers.

Disadvantages

The disadvantages are few:

1. First in importance, I should say, is possible loss of prestige, which danger exists only in direct ratio to the kind and amount of promotional effort put forth.
2. Too, the possibility of increased bad debt losses, the seriousness of which is in direct ratio to the liberality of the firm's credit policy.
3. Its possible effect on open charge accounts.
4. The additional credit office expense in the form of increased personnel necessary for interviewing and investigating, and cost of new equipment.
5. The loss in value of time-payment receivables should inflation become a reality rather than a remote possibility.

Considering the foregoing advantages and disadvantages, it then becomes the problem of the firm itself to determine whether or not it wishes to offer to its customers the privilege of buying its merchandise on time payment. It is the speaker's opinion that the advantages greatly offset the disadvantages, for which reason it becomes rather difficult to account for the unwillingness of any firm to permit this type of selling.

Dignified Promotion in Time-Payment Selling

The foregoing is based on the assumption that time-payment privileges will be offered in a dignified way both in presentation through newspaper advertising and promotional effort throughout the store. Reproduced with this article are samples of newspaper advertisements, letters, and store placards used by the Stix, Baer & Fuller Company.

These placards—placed at strategic points throughout the store—call attention to the fact that practically anything may be purchased on the deferred payment plan. They stress the fact that, even though the original purchases have not been fully paid for, additional goods may be bought and added to the amount owing at the time of purchase.

Your particular attention is directed to the maintenance of a dignified appeal which the writer holds is the paramount consideration in offering this type of account to the buying public.

"Very Good Results With N. R. C. A. Inactive Account Stickers," Says Louis Selig

"We use these N. R. C. A. inactive stickers on our inactive statements each month and have had very good results," Louis Selig, Credit Manager-Controller of Rosenfield Dry Goods Co., Baton Rouge, La., told the Department Store Group Conference at the National Convention last month.

Why don't you give them a trial?

Inactive Account Stickers

For use on statements showing no purchases during the month. Printed in one color (maroon) on white gummed paper.

Price, $2.00 per 1,000. Order from your credit bureau or the National Office.

You Don't Owe Us a Cent!

Yes! We've noticed it and we hope you will use your charge account this month.

Your Patronage Is Appreciated!

© 1934, N. R. C. A.

Your Account Is Balanced!

This is just a reminder that we missed you last month.

Use Your Charge Account!

© 1934, N. R. C. A.

We Missed You Last Month!

Anything wrong? If so, please give us a chance to correct it.

We Value Your Patronage!

© 1934, N. R. C. A.

Retail Credit Sales Control

By C. D. HILL

Secretary-Treasurer, Pfeifer Brothers, Little Rock, Ark.

CREDIT SALES CONTROL deals with the charge account from the time of solicitation or interview of the applicant until the account is turned into money through the process of collection. Any one of the phases of handling the account is most important, but because the percentage of collections in my own store is considerably higher than the city as a whole, I feel that perhaps I may have some information of value and, therefore, I shall confine my remarks to the collection of the account.

In the city of Little Rock we have no such thing as a community credit policy. It is doubtful whether there ever will be one. Competition is keen, not only in the promotion of the sale of merchandise but, for several years, also in the sale of terms—much to the detriment of the retail merchants.

Editor's Note:

This is the second of three addresses on this subject, delivered at the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935.

The first appeared in the July issue—the third will be published in the September issue.

After a period of fifteen years of operation under our own credit policy, there are certain outstanding points in "Credit Sales Control," having to do with the successful collection of the account, that are of paramount importance.

Any credit manager of experience, I am sure, realizes the importance of properly opening the account. The customer should be intelligently interviewed. If he is a stranger within the trade area of the particular store to which he is applying for credit, the more thorough the interview should be and the more successful will be the handling of the account after it is opened. It is, therefore, of material importance that the terms on which the account will be handled should be thoroughly explained to the customer and his agreement to abide by those terms obtained.

I cannot too strongly emphasize the necessity for this understanding, especially in localities where the sale of terms is promoted to the same (or greater) extent as is the sale of merchandise. When the account is finally approved, a reasonable credit rating based on the customer's ability to pay, and his previous credit record as revealed by the credit bureau report, should be assigned.

For the first several months the account should be given more than ordinary attention, in order that the store may determine whether or not terms of sale are understood by the customer, and *whether he will comply with these terms.* Ten days after the account is due, a notice of that fact should be sent to the customer; two weeks from that date a request for payment should be forwarded; ten days later a request in the form of a letter politely calling the customer's attention to the delinquency of the account should be placed in the mail.

If, after one week, no remittance is received, a telephone call to the customer should be made. If there is some reason for failure to make payment it will likely be communicated to the store, and then the account can be handled as circumstances require but, at any rate, the account should, within four months, finally reach the store's attorney. When it is found that this step will have to be taken, the sooner it is done the easier collection will be.

The procedure is somewhat different in the handling of installment accounts. The organization with which I am connected does quite a substantial installment business and under all sorts of terms: From $1.00 a week to monthly terms, and over periods of time from ten weeks to 2½ years.

Monthly installment accounts should be handled through a system which will bring them to the attention of the Collection Department on due date. In our own organization we use a 4" x 6" Kardex card, with a signal system covering dates from 1 to 31, working each day those accounts signaled for attention on that particular day.

On accounts payable monthly, a notice of delinquency is sent within five days after due date; on weekly and semi-monthly accounts notices are sent the day following due date, and here the telephone is a most wonderful medium of collection and is used most generously in our organization. While many organizations use the services of an outside representative (commonly known as a collector) in the collection of accounts, we have such a man who is employed only in making contact with those customers who will not respond to letters, or with whom we can make contact in no other way.

In such cases, the collection card is given to him and he makes a call on the customer, as a result of which we are in a position to determine the cause of the delinquency and what action should be taken to make collection. We do not use him as a collector, in any sense, but as the outside representative of the Credit Department.

If it develops that an article of merchandise sold on the installment plan must be repossessed, this action is taken just as soon as this decision has been reached. A close follow-up of installment accounts reduces repossessions to a minimum and, *likewise, losses.*

Following the above procedure in the handling of charge accounts, over a period of fifteen years, has enabled our organization to handle its accounts *with a net loss of less than ½ of 1 per cent* of store sales in a city where our competitors largely feature terms along with their merchandise!

(*Continued on page* 32.)

Comparative Collection Percentag - -

District	City	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						EWELRY	
		1935			1934			1935			1934			1935			1934			1935			1934			935	
		AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	HI.	LO.
1	Boston, Mass.	52.5	82.9	46.8	51.0	74.8	46.2	14.4	19.3	14.2	16.6	21.8	15.8	51.6	63.0	34.0	48.2	54.1	24.0	—	14.8	—	—	11.8	—	1.2	37.0
1	Providence, R. I.	45.8	56.7	44.1	47.0	59.4	45.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1	Hartford, Conn.●	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1	Springfield, Mass.	51.9	59.4	46.0	52.1	57.7	47.4	16.0	22.5	10.4	15.5	20.0	10.9	54.1	56.0	50.3	50.6	55.0	47.0	—	—	—	—	—	—	—	—
1	Worcester, Mass.	41.9	48.4	39.8	40.2	47.0	35.1	22.4	25.5	18.0	19.3	22.5	14.4	46.0	50.0	37.2	41.0	45.0	43.0	—	—	—	—	—	—	9.8°	—
2	New York City	48.0	62.0	40.0	49.4	62.2	41.0	19.6	22.3	13.0	18.7	24.5	13.5	47.9	64.1	31.6	46.2	60.9	29.3	—	12.3	—	—	37.1	—	6.0	—
2	Pittsburgh, Pa.●	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2	Syracuse, N. Y.	36.7	44.5	31.4	32.0	36.9	27.2	17.1	17.2	17.0	18.0	21.7	14.5	—	43.4	—	—	44.8	—	—	13.5	—	—	13.8	—	—	—
2	Utica, N. Y.●	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Washington, D. C.	37.1	51.2	31.8	38.4	50.3	34.4	11.5	13.0	5.7	11.4	13.5	9.0	41.2	41.9	40.6	38.5	41.5	35.6	—	—	—	—	—	—	—	—
3	Huntington, W. Va.	55.5	60.4	50.5	45.4	50.1	40.7	—	9.8	—	—	8.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Baltimore, Md.	40.9	47.9	33.3	39.7	46.1	31.7	13.6	22.1	5.8	14.2	22.9	6.9	39.6	44.0	34.8	36.4	39.1	33.2	—	—	—	—	—	—	—	—
4	Birmingham, Ala.	41.2	45.1	36.8	42.3	48.2	37.1	15.5	18.4	12.7	14.1	16.2	11.7	49.0	53.0	44.0	49.6	54.3	46.0	11.2	11.6	10.6	11.5	13.0	8.5	—	—
4	New Orleans, La.	44.6	45.7	43.4	47.6	48.8	46.4	15.6	17.2	14.0	18.4	22.3	14.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Atlanta, Ga.	36.4	36.5	36.3	36.2	39.2	33.2	13.8	15.2	12.3	13.1	14.7	11.5	35.0	35.4	34.6	36.1	37.2	34.9	11.4	11.8	11.0	11.2	11.9	10.6	20.5°	—
5	Kansas City, Mo.	64.0	77.0	51.0	61.6	78.0	47.3	16.3	—	—	14.9	—	—	49.7	60.8	42.0	46.0	52.9	39.6	—	—	—	—	—	—	—	—
5	St. Louis, Mo.	53.7	62.7	46.7	49.8	60.0	43.6	20.1	24.1	16.6	19.1	24.9	15.1	41.5	48.9	38.0	40.5	48.3	35.9	11.9	15.7	8.1	11.5	17.4	5.7	—	—
5	Little Rock, Ark.	34.5	41.7	32.3	32.2	40.2	30.1	10.6	11.3	9.9	12.2	13.8	10.5	—	—	—	—	—	—	11.1	12.1	10.1	11.2	12.4	10.0	41.5	—
6	Cleveland, O.	45.3	52.1	45.0	41.8	44.8	38.0	19.7	26.4	13.6	16.1	23.3	13.3	38.4	42.0	36.2	34.3	35.5	33.1	10.5	13.1	9.7	9.6	11.0	8.6	50.0	34.6
6	Cincinnati, O.	49.7	53.0	45.5	42.4	47.6	31.6	13.9	18.3	10.4	14.0	17.7	11.7	50.3	64.4	38.3	51.6	65.3	42.2	—	—	—	—	—	—	66.2	43.5
6	Columbus, O.	47.2	50.9	43.3	46.2	50.9	44.6	12.3	13.2	11.3	13.3	13.8	12.8	39.0	56.7	39.0	45.1	57.7	36.7	12.3	45.0	10.1	13.8	34.0	12.8	—	—
6	Toledo, O.	44.2	56.6	42.1	40.7	50.1	37.3	16.1	16.3	15.0	15.0	16.3	14.6	45.5	49.3	31.5	46.7	50.1	43.3	16.9	25.0	8.8	—	7.6	—	52.1	44.6
6	Youngstown, O.	45.4	45.6	45.1	43.4	45.9	40.9	15.1	17.7	12.5	18.0	19.8	16.2	33.9	40.1	27.7	33.8	44.5	23.1	—	14.8	—	—	13.6	—	—	—
6	Detroit, Mich.	50.4	64.3	41.5	48.4	64.0	35.7	22.7	25.0	20.5	18.6	21.1	15.1	52.6	58.5	46.1	48.5	53.6	40.3	11.0	15.0	8.4	11.4	13.2	8.6	88.7	53.7
6	Grand Rapids, Mich.	41.5	44.6	39.5	38.4	39.7	36.5	—	—	—	—	—	—	45.4	58.4	34.0	44.9	60.5	34.0	13.6	20.5	8.5	12.1	17.8	8.2	—	—
6	Milwaukee, Wis.	49.1	54.3	42.7	43.6	52.9	40.5	19.5	21.8	15.8	18.2	21.8	15.3	—	53.8	—	—	49.3	—	—	8.6	—	—	8.1	—	46.6	—
6	Springfield, Ill.	29.8	39.8	14.4	29.9	36.4	19.8	—	—	—	—	—	—	30.4	31.7	29.0	27.4	31.8	23.0	21.7	30.3	15.0	22.5	32.1	11.4	44.0	27.0
7	Duluth, Minn.	47.5	49.0	46.0	46.6	48.3	45.0	21.1	24.0	18.2	20.2	21.0	19.5	48.1	57.6	38.6	52.5	66.5	38.5	—	—	—	—	—	—	24.7	—
7	St. Paul, Minn.	55.3	58.0	52.5	53.4	54.9	51.0	—	—	—	—	—	—	46.9	48.5	45.4	44.0	45.6	42.0	—	—	—	—	—	—	—	—
7	Minneapolis, Minn.	62.5	68.0	55.3	63.3	66.2	60.3	18.0	22.0	13.1	17.9	21.9	12.9	56.4	57.6	55.3	54.6	58.6	52.2	—	—	—	—	—	—	—	—
7	Davenport, Ia.	52.2	53.9	50.6	48.4	48.7	48.1	15.7	15.8	15.7	17.2	20.6	13.7	—	41.0	—	—	41.0	—	—	16.5	—	—	14.5	—	—	—
7	Cedar Rapids, Ia.	58.5	58.6	50.0	53.5	54.2	49.9	22.1	23.0	21.2	21.3	22.4	20.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Sioux City, Ia.	44.6	48.3	41.0	40.1	41.2	39.0	15.4	16.9	14.0	15.7	16.5	15.0	—	43.0	—	—	38.0	—	—	—	—	—	—	—	—	—
7	Omaha, Neb.	—	43.1	—	—	44.0	—	—	13.2	—	—	13.3	—	42.8	46.2	37.0	42.7	49.5	38.0	—	—	—	—	—	—	—	—
7	North Platte, Neb.	44.4	47.0	41.8	41.6	42.0	41.2	16.7	18.9	14.6	15.4	17.4	13.4	50.3	51.3	49.3	48.1	49.1	47.2	13.9	16.4	11.4	13.4	15.4	11.4	39.4	29.4
8	Tulsa, Okla.	57.0	65.9	55.4	61.0	64.1	58.3	12.8	15.0	12.5	15.0	15.1	14.8	50.9	51.3	50.5	—	47.2	—	—	16.4	—	—	16.3	—	—	—
8	Oklahoma City	50.0	66.3	48.6	48.8	58.3	46.2	14.6	16.0	13.2	13.7	14.3	13.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	San Antonio, Tex.	41.2	43.9	36.2	41.0	43.5	36.0	12.7	12.8	12.7	13.7	15.7	11.7	43.0	44.0	41.6	47.1	53.5	44.0	9.6	10.6	8.5	8.9	10.0	7.8	44.3	—
9	Denver, Colo.	42.7	51.8	42.1	42.6	46.9	39.7	16.8	25.0	13.4	16.2	20.1	11.3	41.0	42.4	39.7	41.6	43.5	39.7	—	12.1	—	—	11.6	—	12.9°	—
9	Salt Lake City, Utah	54.4	61.6	51.2	47.5	54.0	43.0	18.0	22.7	13.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Casper, Wyo.	—	103.0	—	—	102.4	—	—	—	—	—	—	—	—	28.0	—	—	26.3	—	—	—	—	—	—	—	24.0°	—
10	Portland, Ore.	35.0	42.3	34.6	34.9	58.5	30.5	14.8	17.1	9.0	18.0	18.9	9.1	42.0	43.0	36.1	34.4	40.0	28.9	—	—	—	—	—	—	22.0°	4.2°
10	Spokane, Wash.	52.0	55.0	48.9	54.8	61.2	48.5	13.9	16.6	12.6	17.3	18.7	13.3	—	30.4	—	—	28.1	—	—	—	—	—	—	—	22.5°	17.6°
10	Billings, Mont.	40.0	41.7	30.0	33.7	39.7	28.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	San Francisco and Oakland, Calif.	43.9	51.3	33.7	42.3	50.5	32.5	17.5	32.5	14.2	18.8	32.4	13.3	35.2	49.3	25.6	35.6	45.8	26.5	13.2	22.3	11.6	13.2	18.7	9.7	—	—
11	Los Angeles, Calif.	59.8	65.0	51.2	59.0	61.9	44.6	19.8	22.9	17.1	—	—	—	57.6	59.5	50.0	58.1	59.3	43.0	—	—	—	—	—	—	42.3	—
11	Santa Barbara, Calif.	39.6	51.1	33.2	45.0	53.9	35.6	—	—	—	—	—	—	62.9	71.0	56.5	—	—	—	—	—	—	—	—	—	—	—
12	Vancouver, B. C.	65.0	66.7	63.2	78.5	86.2	70.8	24.1	24.6	23.6	25.3	27.8	22.9	50.5	61.0	40.0	—	—	—	—	11.9	—	—	—	—	27.0°	—
12	Victoria, B. C.	58.8	63.0	54.7	59.9	65.2	54.6	23.2	29.0	17.5	20.6	22.4	18.8	—	45.9	—	—	44.3	—	—	—	—	—	—	—	—	—

●Figures not received at press time
°Installment
[3]Furriers
[4]Laundry
[5]Lumber
[6]Paper and Paint
[7]Coal
[8]Cleaning and Dyeing
[9]Carpet and Ru ning
[11]Builders' Supp

…ag… - - June, 1935, *Versus* June, 1934

…ES		…EWELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
		1935		1934			1935			1934			1935			1934			1935			1934			1935			1934		
	LO.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
	—	…1.2	37.0	56.5	59.8	24.0	—	—	—	—	—	—	—	57.1	—	—	53.7	—	—	—	—	—	—	—	66.3	96.7[12]	50.0[11]	65.0	74.5[16]	54.0[11]
	—	—	—	—	—	—	—	—	—	—	—	—	56.8	62.7	51.0	56.4	58.0	54.8	—	50.0	—	—	—	—	71.2	92.9[7]	39.0[3]	65.7	85.3[2]	33.0[7]
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	45.0	—	—	40.0	—	—	65.6	—	—	62.7	—	—	—	—	—	—	—	50.4[7]	56.5[7]	45.0[7]	46.4[7]	52.0[7]	38.8[7]
	—	…9.8°	—	—	10.5°	—	—	38.5	—	—	33.4	—	—	—	—	—	—	—	—	61.0	—	—	57.0	—	61.6	92.8[7]	35.0[14]	61.8	66.0[7]	36.0[14]
	—	…56.0	—	—	22.7	—	56.5	76.0	51.2	52.9	76.0	40.8	65.6	72.5	58.8	57.2	57.5	56.8	68.1	75.2	61.0	65.8	66.6	63.0	53.9	74.0[19]	24.2[8]	53.0	71.0[12]	34.9[8]
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
…3	—	—	—	—	—	—	42.8	55.7	30.0	—	30.0	—	—	—	—	—	—	—	—	42.0	—	—	—	—	41.0	49.0[8]	22.8[7]	33.6	45.0[7]	22.1[7]
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	40.9	43.4	38.5	47.1	54.8	39.5	—	53.5	—	—	55.1	—	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	43.5	—	—	42.0	—	—	—	—	—	—	—	—	—	—	—	—	—	41.0	58.0[8]	38.3[6]	62.1	78.2[6]	46.0[2]
	—	—	—	—	—	—	—	29.6	—	—	29.8	—	46.3	51.2	41.6	45.1	48.7	39.1	—	—	—	—	—	—	—	—	—	—	—	—
…0	8.5	—	—	—	22.7	—	41.3	44.8	38.0	38.8	40.4	37.0	—	—	—	—	—	—	58.4	63.2	60.0	61.7	70.0	50.0	—	—	—	—	—	—
	—	—	—	—	—	—	38.8	41.7	35.9	38.3	39.0	37.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
…9	10.6	20.5°	—	—	27.2°	—	—	35.4	—	—	35.1	—	—	—	—	—	—	—	—	—	—	—	—	—	31.4[7]	38.8[7]	24.0[7]	41.4[7]	42.7[7]	40.0[7]
—	—	—	—	—	—	—	—	—	—	—	—	—	44.5	47.5	41.6	46.6	50.0	43.2	—	74.7	—	—	74.8	—	—	—	—	—	—	—
…4	5.7	—	—	—	56.0	—	41.3	42.4	41.0	42.1	42.8	41.2	—	—	—	—	—	—	60.7	65.5	55.9	—	—	—	52.1[7]	61.0[7]	43.2[7]	61.6[7]	72.5[7]	50.8[7]
….4	10.0	…41.5	—	—	34.8	—	—	—	—	—	—	—	—	44.6	—	—	—	—	59.4	71.8	47.0	62.3	76.6	48.0	—	67.0[12]	—	—	53.0[8]	—
…0	8.6	…50.0	34.6	38.9	66.7	24.0	40.2	82.3	34.5	39.1	60.4	34.2	50.4	72.4	40.6	42.4	46.9	37.9	—	—	—	—	—	—	40.0[7]	58.2[7]	21.0[7]	39.0[7]	60.9[7]	16.0[7]
	—	…66.2	43.5	45.1	55.3	36.4	42.5	48.0	37.0	40.3	42.7	38.0	55.9	62.3	49.8	52.7	62.7	46.3	—	—	—	—	—	—	58.2	84.0	24.6	56.8	82.0	38.9
….0	12.8	—	—	—	—	—	—	53.4	—	—	44.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	54.5[8]	—	—	—	—
…6	—	…52.1	44.6	37.9	52.7	23.1	—	33.7	—	—	27.1	—	—	—	—	—	—	—	44.5	50.0	39.1	40.5	49.0	32.0	—	—	—	—	—	—
….6	—	—	—	—	—	—	42.2	54.5	20.0	41.7	54.0	23.0	—	—	—	—	—	—	—	—	—	—	—	—	42.9[6]	50.4[16]	35.4[8]	47.5[6]	61.5[16]	33.5[16]
….2	8.6	…38.7	53.7	41.0	58.0	24.0	51.1	52.3	50.0	55.2	58.0	52.4	51.9	55.1	48.8	51.1	53.4	48.9	—	—	—	—	—	—	—	—	—	—	—	—
….8	8.2	—	—	—	—	—	49.5	67.0	42.4	54.3	85.5	40.0	—	—	—	—	—	—	62.4	82.0	42.8	50.4	61.3	39.6	41.9[7]	62.0[7]	30.6[7]	28.9[7]	36.9[7]	21.0[7]
…1	—	…46.6	—	—	40.2	—	49.3	53.0	45.6	50.0	58.8	41.3	50.6	58.1	43.0	46.1	50.9	41.3	—	—	—	—	—	—	—	18.7[1]	—	—	15.5[1]	—
….1	11.4	…44.0	27.0	27.6	40.0	19.2	30.4	39.9	21.2	26.7	37.7	16.5	33.3	34.6	32.0	30.5	38.0	26.1	52.2	73.0	26.0	46.5	64.0	27.0	39.5[7]	47.0[7]	28.0[7]	28.3[7]	49.6[7]	19.0[7]
—	—	…24.7	—	—	23.8	—	31.7	35.4	28.0	26.5	29.1	24.0	—	—	—	—	—	—	—	—	—	—	—	—	48.0	70.0[11]	40.0[18]	40.0	52.0[18]	34.7[13]
—	—	—	—	—	—	—	45.0	49.2	40.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	51.4	51.4	51.4	43.7	43.7	43.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
….5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	46.0	—	—	37.6	—	—	—	—	—	—	—
—	—	—	—	—	—	—	52.5	57.0	48.0	53.5	61.0	46.0	—	57.0	—	—	60.0	—	—	—	—	—	—	—	—	47.7	—	—	45.0	—
—	—	—	—	—	—	—	—	45.9	—	—	51.1	—	—	49.0	—	—	44.0	—	—	—	—	—	—	—	—	39.5[7]	—	—	36.0[7]	—
—	—	—	—	—	—	—	—	51.8	—	—	50.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
….4	11.4	…39.4	29.4	29.1	31.1	27.2	46.4	53.5	39.4	35.9	39.4	32.4	49.9	51.8	48.1	47.4	50.6	44.2	—	39.8	—	—	38.2	—	59.2	67.0[8]	51.4[8]	41.4	43.1[8]	39.8[8]
….3	—	—	—	—	—	—	57.6	63.2	52.0	59.4	65.4	53.5	—	—	—	—	—	—	81.0	85.2	54.3	78.0	84.0	54.0	—	28.5[14]	—	—	20.0[14]	—
—	—	—	—	—	—	—	44.6	45.0	44.3	51.3	52.7	50.0	—	85.4	—	—	—	—	—	76.0	—	—	78.9	—	—	82.1[13]	—	—	77.0[13]	—
….0	7.8	…44.3	—	—	43.4	—	41.7	43.9	38.3	41.2	44.0	40.2	—	57.6	—	—	56.1	—	—	—	—	—	—	—	—	—	—	—	—	—
….6	—	…12.9°	—	—	12.0°	—	45.6	48.8	42.4	46.6	49.6	43.5	45.7	57.3	34.2	47.1	60.8	33.4	—	81.8	—	—	54.1	—	42.1	50.9[8]	33.4[11]	45.1	53.6[8]	37.7[11]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	…24.0°	—	—	18.0°	—	28.9	32.6	25.2	28.9	36.8	21.0	48.5	58.0	39.0	—	—	—	—	65.0	—	—	71.0	—	—	—	—	—	—	—
—	—	…22.0°	4.2°	11.9°	22.3°	2.6°	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	…22.5°	17.6°	19.2°	20.3°	18.0°	50.4	64.3	36.6	—	32.9	—	—	—	—	—	—	—	—	97.0	—	—	96.1	—	55.0	78.4[8]	50.0[7]	52.0	60.0[8]	33.5[7]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
…8.7	9.7	—	—	—	—	—	41.2	45.6	34.4	42.1	45.7	33.1	40.6	52.8	36.2	41.0	54.0	32.3	—	—	—	—	—	—	—	—	—	—	—	—
—	—	…42.3	—	—	—	—	54.0	60.5	46.0	47.9	61.6	45.6	57.0	61.5	51.2	57.0	64.5	50.0	—	—	—	—	—	—	74.8[13]	75.5[13]	74.2[13]	67.7[13]	78.2[13]	57.1[13]
—	—	—	—	—	—	—	51.5	56.2	44.8	—	—	—	41.3	49.2	33.6	45.4	52.3	36.8	—	—	—	—	—	—	63.2[13]	72.4[13]	53.2[13]	59.2[13]	80.6[13]	45.6[13]
—	—	…27.0°	—	—	—	—	42.7	43.0	42.5	—	—	—	—	40.0	—	—	—	—	63.8	68.0	59.6	—	—	—	60.3	83.8[13]	44.0[8]	28.0	91.5[18]	48.0[7]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

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…ers' Supp…

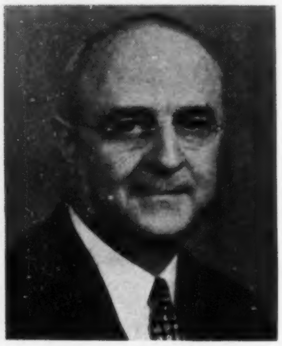
[13]Grocery
[14]Stationery, Office Supplies

[15]Florist
[16]Hardware

[17]Dairy
[18]Drugs

[20]Sports Wear
[21]Leather Goods

[22]Household Equipment



Promoting Credit Sales In the New Credit Era

By G. E. HARRIS

Manager, Department of Accounts, The May Company, Baltimore, Md.

I APPRECIATE and welcome the opportunity of collaborating on the subject of "Promoting Credit Sales." Uppermost in my mind is the fact that we, as representatives of one of the most important factors in the field of retailing, have too long stood by and permitted ourselves, in many instances, to be relegated into the overhead expense column because we have not had the courage of our convictions and the aggressiveness to sell ourselves to our respective organizations as Service and Good Will Merchandisers.

In my opinion we have an unparalleled opportunity before us to justify ascribing ourselves as Business Builders and Sales Promoters.

A "New Credit Era" is on the wing. Let us prepare to greet and meet it with keener and broader vision. Look forward to it as you would to an increase in the family! It's a brand-new twentieth-century baby! Give the kid a break! Don't use the antiquated old cradle or paint up the old wicker carriage that's been stored in the attic these many years. We can be, if we will, "Daddy Long Legs" to this kid and be prepared to welcome the additional responsibility when it arrives.

The "New Credit Era" to my mind will be one of longer credit terms. With few exceptions every family has attempted to adjust itself to present-day economics; not everyone has succeeded, but some noticeable progress has been made. The income of the majority has been pared down to little better than an existence level. To maintain the standard of living that the average American family aspires to, *we*, as business builders, should respond to the demands of the public by prescribing a credit policy that not only will act as a "spring tonic" to the masses, but will be a boon to business as well!

We can ease ourselves into this "New Era" by providing—*now*—special budget accounts for the major events of the family: The "blessed event," entrance of youngsters in school, graduation, marriage, and even death. All of these, though anticipated, are an extraordinary tax on the income. They could be more elaborately prepared for (and gracefully met) if there were not the fly in the ointment: "We can't afford it," the battle cry of every household.

Clever, tactful interviewers can win for a store innumerable friends and outshine much newspaper advertising. Train them to render service indicative of perfect understanding. Tact, defined, is a peculiar faculty or skill in saying and doing that which is expedient or appropriate in the given circumstances. Fumbling interviewers are a strain on the store and its patrons, nine times out of ten bungling the transaction.

The genuineness of a store's policy can be either concealed or exposed by the friendly, frigid or indifferent reception accorded an applicant for credit. A feeling of warmth should emanate from the interviewer coupled with the correct amount of poise which will permit the applicant to "unlax," as Amos 'n Andy put it.

Opportunities present themselves every hour of the day to correspond with the customer's demands by the coordinated efforts of the Merchandising and Credit Sales forces. A complaint adjusted with a smile, a polite gesture, a courteous and correct reply to an inquiry—trifles they seem—but every contact has its influence. Coach your personnel to be worthy representatives of your store and in selling themselves to the public they will at the same time sell the house they represent. ***Much business is lost by listless clerks.***

Disorder and confusion may be readily detected in the Sales Departments of the store that lacks efficiency in its Credit Sales Department. One reflects the order or confusion of the other. Efficiency is the backbone of success and perfect harmony is essential in the well-organized Credit Sales Department, in the Bookkeeping, Billing, Collection and Adjustment groups, each dovetailing into the others.

Accurate posting, neat billing, and promptness in rendering bills—a collection policy that is firm but not inflexible—all make for satisfied customers and provide a solid foundation on which to build business.

A word here concerning collection policy: Too much zeal can be unwittingly displayed by tactless collection methods, to the detriment of the house you represent. The damage that is sometimes done by a hard-boiled collection policy cannot be estimated in dollars and cents.

Editor's Note:

This article is from an address (one of four on this subject) before the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935. The first address on this subject appeared in the July issue and the others will be published in forthcoming issues.

More flies have been caught with sugar than were ever caught with vinegar, and the collection clerk who lends a sympathetic ear to the delinquent in times of distress, will benefit when her financial position has improved. The "beat," of course, is the exception.

(*Continued on page* 27.)

Report of the Secretary And Research Director

THE new "Building for the Future" program, adopted at the Memphis Convention last year, provided for the reorganization of the Research Division. Under the new plan the Division became a fact-finding institution—gathering, on a national scale, facts and figures affecting the operation of retail credit and collection departments and disseminating the assembled information for the benefit of the entire membership.

The first thing we did after taking charge on July 15 was to divide the United States into geographical regions. All of the data and information which emanate from the Research Division are divided according to these twelve districts. These districts, however, are not quite the same as the districts proposed at the Memphis Convention.

After dividing the country into districts we attempted to secure collection percentages from various types of stores and cities scattered from coast to coast (as well as in Canada). Since June, 1934, nine different types of stores located in 48 cities have reported to us their average, highest and lowest collection percentages, as well as percentages for the same month of the previous year.

These data were assembled in table form and have been included in each issue of The Credit World since August, 1934.

This is the first time that this type of information has been compiled on a month-to-month basis. Many members have stated that they were glad to secure this information from other cities, in order to compare their figures with those of other cities in the same district. At present several cities are entering into friendly competition in their respective districts to see which one can report the highest collection percentage each month.

Monthly Trends

At the same time, we inaugurated a service which we call "A nation-wide cross section of facts and opinions on retail collections and credit sales." Every month a questionnaire is sent to 210 cities in the United States and Canada for the purpose of gathering the information for this service. So far, we have received replies from an average of 80 cities each month. This information shows the increase or decrease in collections as well as the increase or decrease in credit sales over the same month of last year.

The material is divided into districts and included in each issue of The Credit World. At the same time, a newspaper release is prepared for the Associated Press, United Press and International News Service. From the newspaper clippings received, we are confident that the releases are being published in most of the large metropolitan newspapers in the United States.

Along with the release of this information to the press services a mimeograph release is prepared and sent to 467 credit bureaus in the United States for inclusion in their local newspapers who are not members of the press services. (Also for inclusion in their local bulletins.)

The mimeograph releases were prepared in such a manner that the name of the bureau could be filled in, in order that the local organization might receive proper recognition and credit. From the comments received at the National Office, on this new monthly service, we are confident that the National Retail Credit Association is receiving favorable publicity throughout the country.

The figures for May were not included in the Convention issue of The Credit World, as it went to press before the information was available. The news release for May, however, was prepared and given to the press services—also sent to the 467 credit bureaus.

Special Studies

In addition to these monthly services, we have conducted 17 studies which were requested by our members. At present we are working on three more. These studies have been completed and are now available to our members, free of charge, on application. (See announcement in June Credit World.) We expect to enlarge upon these studies from time to time. Other studies will be made as requests are received from our members.

The Research Division cooperated with the United States Department of Commerce in preparation of the recent retail credit survey, by assisting in the preparation of the questionnaire used for this purpose. These studies contain valuable information that should be of interest to every credit executive in the United States.

Educational Courses

The Research Division has had charge of the educational courses and during the past year 45 students were registered for the Retail Credit Practice and Procedure course, while 63 registered for the Credit Department Salesmanship course. These students were located in the following cities:

Camden, New Jersey	20
Washington, Pennsylvania	14
Winnipeg, Manitoba	11
Victoria, British Columbia	10
Evansville, Indiana	5
Davenport, Iowa	36
North Platte, Nebraska	12

Many credit managers and their assistants have suggested that these educational courses be continued during the coming year. I wish to thank those men responsible in the cities named, for their assistance in conducting these educational courses during the past year.

I wish to take this opportunity to thank President Reed and General Manager-Treasurer Crowder for their interest in and support of our Research Division—Daniel J. Hannefin, Associate Editor of The Credit World for his assistance in preparing the data for publication—the members of the National Consumer Credit Reporting Corporation for their cooperation in sending us the desired data each month. I also want to thank the Chairman of the Research Committee, Frederic Young, and the members of the committee for their assistance. And, of course, I want to thank the individual members for their support and cooperation at all times.

Reliable, factual information which the Research Division has been attempting to assemble (instead of mere opinions or guesswork) will enable individuals as well as communities to develop credit policies and procedures which will place credit granting on a more businesslike basis. It should prevent losses and increase profits.

Respectfully submitted,
Arthur H. Hert,
Secretary and Research Director.

June 11, 1935.

More Business-- From Present Customers

By ERWIN KANT

Credit Manager, Ed. Schuster & Co., Inc., Milwaukee, Wis.; Director, National Retail Credit Association

THE problem of securing more business from present customers is one of the most important which the modern credit man faces. I believe thoroughly that the credit department has an important part to play in selling merchandise and in selling the store. We must set up the work and the contacts of the department accordingly.

I am not going to discuss inactive accounts or the solicitation of monthly accounts from customers whose instalment accounts have been paid promptly, both of which are a regular part of the work in our department, because those subjects are being covered by other speakers. I shall confine my remarks to promotional efforts we have made during the past year.

I should like first to mention briefly the position of the credit department in this promotion work. Because of the personal nature of credit interviews, we are in a better position than anyone else in the store to know our customers. It is, therefore, our job to interpret the customer to the store, and in this sense anything that concerns the customer concerns us.

The credit man is, then, an all-store executive. He works very closely with the store superintendent on adjustment policies; with the adjustment bureau on individual adjustments; with the publicity director on promotions and advertisements; and with the merchandise manager on selling policies and plans. ***And in all these problems, it is his function to remember the customer's reaction.***

The plan can be successful only if all the members of the credit department can carry on the work. The physical layout of the department is important in this connection, but I am sure that we have all heard enough about the folly of shoving the credit department back in a dark, cramped, inhospitable corner of the store. After all, we are hosts for the store, and a pleasant, comfortable arrangement for interviewing is certainly necessary for the friendly, easy feeling we want to establish in our customer. We won't get her to feel that we think she is important if we don't provide her with accommodations which are a measure of our regard for her.

We may take for granted, also, the training of our interviewers—not only in credit interviewing proper, but in selling and in at least an elementary knowledge of merchandise. Reading the daily ads is a part of our interviewers' jobs not only so that they can discuss intelligently the larger items a customer has purchased, but also so that they may sell smaller items by suggesting them.

We use daily ads also in our correspondence work. The advance ads are sent to the Credit Department and specific items are promoted in sales paragraphs in our letters. Where the correspondent knows something about the customer from past correspondence he can, of course, select very appropriate items for mention.

In our store, the control of the cashing of checks rests with the credit department and any doubtful cases and all new customers whose checks are over a certain amount are referred to the credit department. We have found that friendly conversations over the cashing of bank checks have given us a great deal of information and have enabled us to open many good accounts. The knowledge that the credit department knows his income seems to make a customer a very dependable risk!

Coordination With Selling Departments

We have a new plan for coordinating our work with that of the selling departments which is operating very successfully. Our object was to make it easy for a customer to make many related purchases such as home furnishings—though it applies, of course, to individual items also.

We are beginning with an advertising campaign—a series of institutional ads telling what the credit department can do, and tying the credit department very closely to the selling departments. The object is to have the customer call at the credit department before she does her shopping. We talk over her plans, and, if we consider it desirable, set a limit to her purchases by getting her to tell us what she feels she can afford just now.

Then we call a designated sales person—usually the assistant buyer or the head of stock—in the first department in which she is going to shop. We give her a printed transfer card on which all her purchases are listed by the sales person: Department, description, and amount.

Editor's Note:

This is the second of four addresses on the subject, delivered at the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935.

The first appeared in the July issue—the others will be published in forthcoming issues.

The first sales person takes care of her, introduces her to the sales person in the next department, explains her object, describes her previous purchase, and assists if he can in making it possible for the second sales person to suggest merchandise in harmony with the first purchase.

(We achieve by this, not only color or style harmony, but also price-line harmony.)

When the last sale has been made, the last sales person takes the customer back to the credit office where the final terms are made on the basis of the total indicated on the card.

Credit Department Writes Own Ads

We consider the ads an important part of the plan. They began by selling the credit department as a shopping center and progressed to a very definite tie-up with merchandise advertised on the day they appeared. Incidentally, we write our own ads in the credit department—but of course we work closely with the advertising department.

Speaking of our ads, the one reproduced with this article brought us an $800.00 sale: People who read that ad spoke to us about it and wanted to know about our plan and we sold them $800.00 worth of merchandise.

We do not ask the people to go to the selling department first. We invite them to come to the Credit Department—we want to get acquainted with them.

We have found the plan very successful. Customers like it because it is a convenience and a pleasant way to shop. What is more important, we have found that it gives them the habit of coming to the credit department on miscellaneous errands. It helps us sell the customer on the idea of the credit department as her shopping headquarters, which is, after all, the basis for most of the effective promotional work the credit department can do.

A second ad, "To June Brides," reads: "Budgets are fashionable—let us help you with yours by arranging for a divided payment account for your home furnishings purchases. Our Credit Department will be glad to talk over your plans with you."

Another, appealing to friends buying presents for the bride, follows:

"That gift for the June Bride—

"You want it to be something she will treasure, something that will mean a great deal in her new home.

"Is it hard to find the thing you want for the price you can pay just now?

"A divided payment account at Schuster's is the answer—the payments to extend over a few months while the value of the gift extends over a lifetime."

(You see, we are building for the future. We try to have those young fellows come to the store and get acquainted.)

Here's one somewhat different:

"Work wanted—by a back yard. Can offer quiet, cool breezes, freedom from care, rest from the grind of business or housework.

"All you need is a small investment in Schuster's outdoor furniture to turn a yard into a summer living room, capable of working any number of hours a day.

"Editor's Note: We endorse the above advertisement with one addition: The small investment can be made in comfortably s-p-a-c-e-d payments. Our Credit Department will be glad to explain the details."

Fifty Years in Retail Credit

(Continued from page 5.)

counts in three stores. If one store, through an efficient collection system, has effected a settlement, and the other two are carrying overdue accounts, the customer when in need of merchandise will naturally place her business with the store where she is squared up. The solvency of a business often depends on its collections.

Realizing this, the principals of our mercantile organizations have in recent years, more than ever before, been keenly impressed with the importance of this department of the business, and have kept in close touch with the rise and fall of collection percentages.

EDITOR'S NOTE: This is the first half of Mr. Wilson's address. The second part, which describes the collection procedure of his store, will be published in a later issue and will be illustrated with a full page of actual forms used.

Forms Exhibits Available for Exhibition by Local Associations

The exhibits of forms and systems arranged by Mr. R. H. Poindexter of Loveman, Berger & Teitlebaum, Nashville, Tenn., and which were exhibited at the convention, are being sent around the country for exhibition by local associations for the benefit of their members. The only requirement is that forwarding charges be paid.

To June Brides:

When you are establishing your new home, establish your credit at Schuster's at the same time—let us have a part in building that home through the years.

It will be a pleasure for us to have you call at the Credit Office to talk over your plans. We'd like to open a charge account for you or to arrange a plan of divided payment for some of your first exciting purchases.

The Bureau of Foreign and Domestic Commerce *in the* Retail Field

By DR. JOHN DICKINSON

Assistant Secretary, United States Department of Commerce, Washington, D. C.

ENGAGED as you are in attempting to insure that retail credit shall be extended on a sound basis, you are concerned with one of the vital and critical points in our whole modern economic system. Many of us do not yet envisage the changes that have taken place in our economic life in the past half century. A half century ago what happened financially to one man or one concern was not of very vital interest to anyone else. If he failed or if he prospered was almost wholly his own affair.

The reason for this was that the substratum of the population was largely self-subsistent—consisted, that is, of farmers and independent artisans who, in the last analysis, were not dependent for their livelihood on anyone else. Today we all live by taking in one another's washing!

The factory cannot pay its workers if the farmers cannot sell enough of their products to buy their proper proportion of the output of the factory. If the factory cannot pay its workers, they cannot buy the goods of the retail merchant who in turn cannot buy the output of the factories.

Dr. John Dickinson

Extracts from the address of Dr. Dickinson, who was guest speaker at the Annual Banquet —Twenty-Second Annual Convention, National Retail Credit Association—Rochester, N. Y., June 20, 1935.

(Since then, Dr. Dickinson has been appointed Assistant Attorney General of the United States, in charge of anti-trust cases.)

It is all very well to talk of individualism, but no one should know better than the credit man the proper limits and scope of individualism. Individualism in the sense of the importance of individual character—integrity, industry, ambition—is the basis of credit as it is the basis of all economic and community life. No substitute for it ever can be found.

But, on the other hand, individualism in any sense, which would suggest that the economic fate of one individual or one enterprise is independent of what happens to other individuals or other enterprises is simply no longer in accord with the facts of our modern economic life. The credit man, when he has to determine whether an individual or a firm is a good credit risk, cannot afford to look simply at the character, intelligence, efficiency of the individual or concern. He has to look also at whether the individual has a job, whether there is a market for the output of the concern—in short, he has to look at individuals in their economic relations with other individuals.

Accordingly, no one should understand better than the credit man that in this day and age, and under our current type of economic organization, mere individual effort isolated and unrelated to the total economic situation holds out no hope of recovery. If we are to advance further on the road to recovery than we have already come—and all the figures indicate that we have come a great way during the past two years—we can only do so by advancing together through some form of common action, which will keep the various parts of our economic process in step—the farmer, the worker, the small business man, the large business man, the financial institution, so that the lagging of one or another of these elements behind the procession will not serve to hold all the rest back.

I am not going to talk to you tonight about the economic situation as a whole, or to point out in detail the very great strides toward recovery which have been made in the past two years. They are evident on the face of the statistics of income, and more importantly of business profits, as well as of retail sales. I want to talk more specifically about some of the work of the Department of Commerce in the field which is of particular interest to this group, and in the retail field generally.

The Department of Commerce is, in one of its aspects, a service agency for business, particularly in the matter of supplying information and making studies of a type that cannot be satisfactorily made by business itself. In the field of credit work, information is of particular importance. One might almost say that all that credit work consists in is an adequate collection and analysis of certain types of information.

It was at the instance of the National Retail Credit Association that the Department, through the Bureau of Foreign and Domestic Commerce, first addressed itself in 1928 to the problem of collecting and analyzing data in the field of retail credit. In that year, this association requested the Department to undertake a nation-wide survey of retail credit.

The purpose of the survey was to set forth, without recommendation, the experience of a large number of establishments on such subjects as kinds and extent of credit, credit losses, credit terms, collections on accounts receivable, the use of credit bureaus and other relevant facts, which would serve as a chart or guide for the individual merchant in carrying on his business. The individual merchant, knowing his own experience in these matters, could then make a comparison with the experiences of others engaged in the same trade and under similar conditions and govern himself accordingly.

The reports which were issued covering the years

1925, 1926 and 1927 indicated great possibilities for the elimination of waste and increasing efficiency in distribution. High percentages of returned merchandise were found to exist in various lines of retail trade. Collections on accounts receivable were found to be slow. Bad-debt losses were found to be less proportionately for establishments making use of credit bureaus. Easy terms of credit were resulting in frozen credit; and other facts of importance to the granters of credit were disclosed.

Upon the completion of the nation-wide survey, the National Retail Credit Association requested the department to collect this information on a regular basis. The department, while not able to undertake this work on an extensive scale, found it possible to comply with the request by collecting reports semiannually for six types of stores in 29 cities of the country.

The first report of a series of eight conducted on a semiannual basis covered the periods of January to June, 1929 and 1930, and revealed that despite decreased business activity during the first half of 1930, there were no disturbing changes in retail credit conditions. The figures showed that collection percentages decreased slightly and bad-debt losses increased slightly during 1930.

The succeeding reports showed a steady adverse trend in these respects, however, but all the adverse changes with regard to credit seemed to be small and indicated that retail credit withstood the test of business recession in an unexpectedly satisfactory manner. As an explanation of the comparatively stabilized credit conditions that existed from 1930 through 1933, it has been suggested that *credit managers adapted themselves to the situation and became increasingly efficient.*

As a result, collection percentages were kept higher, bad-debt losses lower, and returned merchandise percentages lower than they would otherwise have been. Undoubtedly, a contributing factor to the increased efficiency of credit departments has been increased knowledge such as that furnished by the credit studies of the Department of Commerce. The findings of these surveys furnish more definite and more reliable guides for credit extension than have heretofore been available.

The report on retail credit conditions for 1934 just released is a continuation, but on an annual basis, of the retail credit series which has been issued semiannually for the past four years. The scope of the report has been broadened with this issue to include a greater variety of retail trade as well as a larger geographical representation. Data are presented for twelve kinds of retail trade and for seventy-nine cities.

This latest report indicates considerable improvement in retail credit conditions during the year 1934. Although the ratio of credit sales to total sales increased for the majority of the trades, there was a marked increase in the ratio of payments on both open-credit and installment-credit accounts receivable. Moreover, there were marked decreases in bad-debt losses on these accounts.

Considering the changes in proportions of credit business, the greater relative increase in installment business tends to reflect the retailer's increased confidence in the consumer's ability to pay for his purchases out of future earnings.

The reduction of more than a month in length of time that installment accounts were outstanding in 1934 compared with 1933 and a reduction of about one-half in the bad-debt loss ratio on these accounts in 1934 are two of the most encouraging aspects of the present business situation and are undoubtedly a contributing factor to the expansion in installment business.

A report just released by the Census Bureau indicates the position occupied by retail credit business in the economic structure of the country. This report shows that in 1933 retailers sold nearly seven billion dollars of merchandise on credit, which constitutes about 28 per cent of total retail sales in that year. One-half of the total number of stores were credit-granting stores.

The findings of this report contrasted with a similar report issued for the year 1929 reveal that the trend during this period was toward a contraction of credit, but not perhaps so sharply as might have been reported. Forty-five per cent of sales in credit-granting stores were made on credit in 1933 as compared with 53 per cent in 1929. As the 1934 retail credit survey report indicates a definite reversal of trend, it would seem that constructive suggestions are in order for purposes of keeping this business of retail credit extension within safe limits.

Another field of hitherto untapped information in which the Bureau is at present making preliminary studies is that which relates to the small retail store.

The 1933 Census of American Business shows that 64 per cent of all the retail stores in the United States were operating that year with a sales volume of less than $10,000 annually. These stores accounted for less than 14 per cent of the total retail volume of the country.

The problem of the small business concern, generally, is today one of the most important and difficult in our whole economic situation. Practically everyone is agreed that in the interest of preserving individual initiative, reasonable flexibility in our economic processes, and a sound distribution of ownership and responsibility, the nation cannot afford to permit an indefinite continuance of the economic development which more and more has been causing the small concern to give place to the large.

On the other hand, in addition to the requirements of large-scale production and distribution, there can be no doubt that it is more difficult to maintain proper wage and other labor standards in small concerns. Furthermore, in the interest of the consumer, the weak bargaining position of the small concern places it at a greater disadvantage in the face of those from whom it must buy.

For these economic reasons, no less than for social ones, it seems clear that if the tendency for the small business concern to be driven out of business is to be checked, some adequate form of protection, coupled with compensating responsibilities, must be devised. No more short-sighted policy could be conceived than for the small business concern to demand the maintenance of a régime of rugged individualism.

In the type of unrestrained competitive struggle which rugged individualism represents, the small concern has everything to lose and nothing to gain. No better evidence is needed than the lesson of experience.

In that struggle, the small concern has been steadily driven to the wall. If it is to survive, it must recognize the need for the introduction of a better-regulated type of competition, and in return, it must recognize its obligations in the matter of wages and hours.

Announcing--New Membership Drive!

INDICATIONS point to renewed activity along membership lines. Several associations have already adopted plans for the campaign ending May 31, 1936. The Birmingham (Ala.) Association, according to Mr. W. V. Trammell, Secretary, is working on the basis of the 1935 plan, which will be covered in a subsequent issue of The CREDIT WORLD.

Mr. D. H. Davis, Membership Chairman of the Seattle Association, writes that they are having a "New Member Drive" during August and the goal is *one NEW member* for each present member.

Miss Laura M. Bremer, Assistant Secretary of the Spokane Association, writes that they are now putting on an intensive National membership drive.

The plan of the Memphis Association, which resulted in an increase of 61 members and which will be described in a future issue, will be followed by that Association again this year.

The Minneapolis plan, credited with the addition of 70 National members from that city—most of them secured by two members of the Association, Messrs. Solon and Collins—will be followed again this year.

Mr. S. Marks, The Vogue, Chattanooga, Tenn., Vice-President of the Fourth District of the N. R. C. A., writes that he expects to duplicate the number of members reported by the Chattanooga Association last year—and so it goes!

National Director H. Price Webb of San Jose, California (President of District 11), and National Director Marley Styner of Houston, Texas (President of District 8), both have plans under way for extensive membership work and write that they will "be hard to catch."

(Below is a reproduction of the trophies presented at the Rochester Convention. Many other prizes were given to individual members of the Association.)

The campaign ending May 31, 1936, will include all members reported on and after June 1, 1935. The following prizes will be awarded:

For 1 new member: Blue Book of Collection Letters.

For 3 new members: N. R. C. A. Gold Lapel Button or copy of either of Past President Reed's books (*Retail Credit Practice* and *Credit Department Salesmanship*).

For 5 new members: N. R. C. A. Gold Watch Charm.

For 10 new members: N. R. C. A. Gold Ring.

Each District President will act as District Membership Chairman and will appoint State Chairmen, who in turn will appoint Local Chairmen.

Parker pen sets will be awarded as follows: To the District Membership Chairman, State Chairman, Local Chairman, Local Association President, and Local Association Secretary reporting the greatest number of members.

Pen sets will also be awarded to the District Officer *or* Director and to the individual credit manager and individual bureau manager or bureau representative personally securing the greatest number of new members.

Likewise, pen sets will be awarded to the National Officer *or* Director and to the District Officer *or* Director personally securing the greatest number of new National members.

Group Trophies

Identical membership trophies will be awarded to the following:

(1) The local association—having more than 100 National members—showing the largest percentage of increase in new members, based on the membership of the following cities as of May 31, 1935:

Los Angeles, 290; Oakland, 278; San Francisco, 366; Denver, 331; Washington, 251; Des Moines, 291; Wichita, 213; Baltimore, 290; Springfield (Mass.), 224; Minneapolis, 243; St. Louis, 545; Kansas City, 370; New York, 826; Akron, 135; Cleveland, 545; Tulsa, 101; Portland, 241; Reading, 130; Providence, 231; Memphis, 159; Dallas, 104; Houston, 105; Spokane, 242; Milwaukee, 121.

(2) The National unit—with less than 100 members—reporting the largest number of new National members. (The winning unit shall be required to have been a National unit for one year or longer.)

Membership prizes awarded at Rochester Convention. (See details in June issue.)

(3) The district reporting the greatest number of new National members.

(4) The *newly organized* National unit reporting the greatest number of new members.

(5) The trophy awarded to the Salem (Ore.) Association for the greatest number of members in proportion to population of city—which is to be retained by the Salem Association until the Omaha Convention—will again be awarded to the National unit (a member of the National one year or longer) having the largest membership in proportion to population.

If this trophy is again won by the Salem Association it will be retained permanently by that Association.

If it is won by a different association each year for three years, it will be retained permanently by the winning association having the highest average membership percentage—based on population—for the three-year period.

All together now! The goal is 5,000 new members!

A Resolution Honoring Past-President Hewitt

WHEREAS, the Washington Department of the National Retail Credit Association was organized in 1927 at the suggestion of Mr. James R. Hewitt, then First Vice-President of the Association, for the purpose of promoting in the national capital legislative and departmental movements of special interest and benefit to retail credit granters; and

WHEREAS, Mr. Hewitt has almost continuously from that time until the present served the Association as the Chairman of its Legislative Committee under whose jurisdiction that department and its activities have been conducted; and

WHEREAS, Mr. Hewitt's services have been unselfish, highly efficient, and often times rendered at a great sacrifice of his time and energy; now, therefore be it

Resolved, by the Board of Directors of the National Retail Credit Association, this 21st day of June, 1935, that the heartfelt thanks and appreciation of the Association be and they are hereby extended to Mr. Hewitt for his services to the Association and to the field of retail credit as the Chairman of such Legislative Committee; and that copies of these resolutions be spread upon the minutes of the Association and transmitted to Mr. Hewitt.

Miami Credit Women Organize

The credit women of Miami, Fla., on July 25 organized a retail credit women's club. Miss Ruth Coates of the Miami Credit Bureau presided.

Birmingham's New Officers

At the recent annual election, the Associated Retail Credit Managers of Birmingham elected Paul C. Vaughan, President. Other officers named were: B. Y. Cooper, First Vice-President; W. E. Gant, Second Vice-President; Sam G. Lacey, Jr., Third Vice-President; and W. V. Trammell, Secretary-Treasurer.

Testimonial Dinner to President Driver

A testimonial dinner was tendered to Giles C. Driver, Credit Manager of the May Company, Cleveland, Ohio, and newly elected president of the National Retail Credit Association, at the Cleveland Hotel last week. Among those who honored him were officials of the Cleveland Retail Credit Men's Association, executives of the store and employees of the May Company credit department.

Following a number of laudatory speeches, Mr. Driver was presented with a leather brief case. Ernest R. Hodges, advertising manager for the May Company, acted as toastmaster. About 75 were in attendance at the dinner.—*Women's Wear Daily,* July 9, 1935.

New York Credit Bureau Has Personal Call Service

The Credit Bureau of Greater New York, Inc., recently inaugurated a "Personal Call" collection service. It announces: "For a charge of 35c per call, the Bureau representative acts as your personal contact man in calling on your debtors in regard to the collection of a delinquent account, the adjustment of a dispute, a request for the return of merchandise, or any other service that you wish."

Worcester (Mass.) Election

Augustus F. Elias was elected President of the Associated Retail Credit Men of Worcester, Mass., at the annual election of that association July 16. He is associated with his father, Saul Elias, in the clothing business and is the youngest president ever elected by the Worcester credit men.

Other officers are: Ephriam M. Norwood, Vice-President; Fred W. Barton, Treasurer; and Philip J. Murphy, Secretary.

Membership Blank

National Retail Credit Association

1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose $5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name..

Title..

Firm..

Address..

City .... **State** ....

Recommended By..

Retaining Customers' Good Will When Declining Accounts

By H. E. ARMSTRONG

Credit Manager, James McCreery & Co., New York City

THIS subject of declining accounts is one of the most important in our profession when you take into consideration how necessary good will is to any progressive retail establishment. When we analyze our position in public, endeavoring to serve all classes fairly and squarely, it does not seem to me that there should be, at any time, regardless of circumstances, any unpleasant conversation with, or action toward, any customer. *That statement includes the declining of an account.*

H. E. Armstrong

Our business brings us in contact with all types of people. Therefore, it is our duty to ourselves and our employers to train ourselves to be able to meet, discuss, and understand, as nearly as is humanly possible, these individuals. The training I speak of requires experience which some obtain in a few years, some after many years, and others never.

People who do not like personal contact have, in my estimation, no place in our profession. No other branch in retailing has a more delicate problem to contend with than the Credit Department when it becomes necessary to discuss financial responsibility, which requires tact and knowledge, and to know just how to talk to the individual without causing offense. This can be done, and *is done* in most well-organized credit departments.

Declining an account is a sad but necessary function. Even though most of the people are honest it is the small percentage of questionable accounts that, if accepted, may make the difference of a profit or loss for a store. Let us for a moment analyze some of the applicants for charge accounts which we are forced to decline:

First—we have the individual who has abused his credit with those who have trusted him, over a period of years, indicating that it was not temporary reverses. Such an account, for any store, would not be profitable.

In declining an account such as this, it is considered advisable to invite the applicant to go over the matter in detail with you personally. It would call for a very frank discussion and explanation of why it is impossible to extend the convenience of an account. The interviewer, who in such cases should be the credit manager (or in his absence his assistant), should be friendly and courteous, giving the applicant the impression that it is his desire to be of assistance.

Some credit managers do not believe it is good policy to go into detail concerning the reason for rejecting the account. Others believe the applicant is entitled to a clear explanation without clouding the issue by saying, "The information did not develop the responsibility required." You are more likely, by the former method, to offend the person who knows he has responsibility and is well able to afford a charge account, but who knows his reputation for paying bills is very poor, than if you were to frankly explain that through the credit bureau you obtained information that he has been very slow and unsatisfactory in the payment of his accounts with other stores.

My personal experience has been that in most cases, frankness is very much appreciated—so much so that the applicant is usually anxious to pay a visit to the credit bureau and seek their aid in reestablishing his credit by either giving assurance that future bills will be met promptly or by paying his old ones. You will find most of these individuals leave your office with a more complete understanding of what is expected to retain a good credit standing.

We all know there are credit managers who project their individual selves so deeply into the discussion that it causes antagonism *even though they are right.* This certainly does not build the necessary good will. Again I say, at no time in retailing is it necessary to antagonize any customer.

We must not forget a great many of those enjoying credit do not realize we have a credit bureau (in most of the cities) that keeps us posted as to their pay habits and any derogatory information that may develop. In our city most of the credit managers have taken advantage of the service rendered by our credit bureau, which is to interview, and go into detail with, those who are anxious to regain a good credit standing. This removes any antagonism toward any one store. However, there are cases where we receive information of such a confidential nature that it would not be advisable to in any way refer to it; therefore, the credit manager must use some other logical reason for declining the account.

Second—there are those who are not in a position, financially, to afford the convenience of an account. We have from time to time received applications from young women earning as little as $15.00 a week. In a great many instances they are living away from home and it is necessary for them to pay their own way without assistance.

It does not require a great deal of imagination to realize that these people have barely sufficient income to meet their obligations without being encouraged to shop on credit. Many of the applicants I speak of seek credit *as a necessity—not as a convenience.*

We usually write to such people, before definitely declining the account, inviting them to call for an interview. Those living outside of a certain distance from the

store, we are forced to decline by letter. Such letters of declination should be most courteous, suggesting that if they are ever in the neighborhood you would be glad to discuss the matter further with them.

Third—we have the applicant who, after investigation, shows several derogatory items such as slow pay accounts in other stores. This account is not bad enough to make it unprofitable. Therefore, you wish to open the account but you might want to impress him with your policy regarding the payment of bills. In this case it is advisable to write a special letter asking if your policy, calling for payment in such and such a time, meets with his approval and convenience. A stamped envelope enclosed for reply usually brings satisfactory results.

We had a very interesting experience a few weeks ago: A young man was engaged to marry a girl of a good family and with unquestionable responsibility. He had charge accounts which he had abused to the point where he was no longer in good credit standing. Realizing his wife-to-be would want to continue the convenience of charge accounts, having had them in her maiden name, he started out to reestablish himself.

He seemed to be afraid of what his future father-in-law would say or do if he learned he had abused his personal credit. His approaching marriage made him realize the importance of getting himself straightened out, and he was making the rounds of all the stores he owed and was paying them with interest. I really believe this young man will be most conscientious about meeting his obligations, and will be a good credit risk in the future.

Fourth: Most stores solicit new charge accounts in one way or another. Some use lists of responsible people, others use credit rating books, city records, specially prepared lists. Some of the stores definitely state they have opened a charge account, others invite their application.

In cases where a large solicitation campaign has been planned, say of fifty to one hundred thousand names, it would be expensive, and unprofitable, to predetermine their credit standing prior to their acceptance. Therefore, in most cases a card is sent asking for the signature and name of the bank, accompanied by a letter endeavoring to sell the store and the conveniences of a charge account. We also enclose a business reply envelope for their convenience in returning the card.

Editor's Note:

This is the first of three addresses on this subject, delivered at the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935.

The others—by R. E. Baylis, The T. Eaton Co., Ltd., Toronto, Canada, and Paul C. Vaughan, Loveman, Joseph & Loeb, Birmingham, Ala., will appear in later issues.

The next operation, after acceptance, is usually to clear all acceptances through the Credit Bureau. Those in good standing are notified immediately, but those on which we develop derogatory information are handled as follows:

We write thanking them for returning the invitation card, but state that before officially opening the account we would like to discuss information we received from our credit bureau. It is safe to assume they know what you wish to discuss, and the majority never come in. The few who do call are usually anxious to reestablish their credit, and in many cases we are able to assist them.

Many accounts which ordinarily would be declined, due to lack of financial responsibility, can be saved by suggesting that the account be guaranteed. This must be done with tact, as that is one suggestion which can cause a great deal of annoyance and loss of good will.

I do not believe any of us really know we have retained a customer's good will when we have declined an account. But—one thing we should know is whether or not the individual was treated with courtesy and consideration. If we are sure of this, it is safe to assume he will continue to have a friendly feeling toward the store.

Promoting Credit Sales In the New Credit Era

(Continued from page 18.)

We all know it is customary to solicit new charge business, to revive inactive accounts, to dun the delinquent and brand the skip, but what about our preferred list—the gilt-edge customers who pay promptly every thirty and sixty days? ***Aren't we prone to neglect or forget them?***

They represent the "Cream in the Crock." Every alert Credit Sales Department should bend backward to serve them. Is there one amongst us who does not react favorably to a word of praise? An expression of appreciation to these customers—through a letter of thanks from time to time—for their splendid cooperation is an excellent gesture.

This form of contact should also be practiced in instances where deferred payment accounts have been liquidated in a relatively short time. The knowledge that the merchant recognizes this accomplishment and takes time to tell them about it, is a source of satisfaction to customers and will serve to increase their desire to continue to pay promptly and merit the store's commendation.

We have a method of ascertaining daily the names of the customers discounting Club Plan accounts. They are assembled by the bookkeepers and within twenty-four to forty-eight hours after an account of fair proportions is liquidated and discounted, a personal letter of thanks (signed by the Credit Sales Manager) is written. At the same time, the many other items that may be purchased on the Club Plan are enumerated in the letter for the purpose of promoting sales.

There are many instances where a customer, making application for a Club Plan account, not only qualifies and is an excellent risk, but also merits a monthly charge account. In such cases, we always take the initiative and open both types of accounts—thereby placing at the customer's disposal every facility of our charge service—and advise her accordingly.

The power to build business, therefore—and create good will—should spring from the Credit Sales Department and the efficacy of its personnel should radiate through the entire store family.

CREDIT DEPARTMENT LETTERS

[A New Department - - Devoted to Credit Sales Department Correspondence - - Conducted by Daniel J. Hannefin]

TWO outstanding credit executives—Mr. H. E. Armstrong of James McCreery & Co., New York City, and Mr. G. E. Harris of The May Company, Baltimore—in this issue say some thought-provoking things about courtesy and tact and understanding in customer-contacts.

"I do not believe any of us really know when we have retained a customer's good will," says Mr. Armstrong, "but—one thing we should know is whether or not the individual was treated with courtesy and consideration."

And Mr. Harris says: "Too much zeal can be unwittingly displayed by tactless collection methods, to the detriment of the house you represent. The damage that is sometimes done by a hard-boiled collection policy cannot be estimated in dollars and cents!"

Applying those thoughts to collection letters: Truer words were never spoken!

Please don't misunderstand. This is not a plea for the use of Pollyanna-like letters. Rather it is based on the idea that the credit executive is, in the eyes of many customers, the store. So, every letter he writes, on the store's stationery, should represent the store in its highest ideals. And, if possible, it should try to build *or retain* good will for the store.

Collections are necessary so we must have collection letters. But putting the store's interests uppermost (and relegating personal feelings to the background) we can make every collection letter a courteous letter. And, at the same time, make it a "selling" letter—selling the idea that this is a high-grade house, worthy of proper consideration and prompt payment of its accounts.

With this thought in mind, you will look at collection letters in a new light. You will frown on the use of letters that start off, "We have been disappointed in you." (Sounds like a father chastising a child, doesn't it?)

Likewise, you will avoid the use of sarcastic letters—that stifle any good impulse the debtor might have—and the politely offensive letter (so polite, that is, in words only, that the recipient reads into it a polite insult).

You've seen them: "Will you please be kind enough to let us know why you have withheld payment of this small account so long? As you know, etc." That is a form letter that has been copied and used by many but it's dynamite!

Put yourself in the reader's shoes for a moment and read it as he does. Remember, he is expecting to be "bawled out" so—to him it carries this inference: "If you don't intend to pay this bill you might at least be good enough to come out like a man and tell us so." "So, just for that," he says to himself, "they can wait until I'm so-and-so good and ready to pay it!" And goes his way in proud self-justification!

Now for the other side of the picture: On the next page are four letters picked for this article because, although used in various phases of collection, they all carry a deep, sincere vein of courteous, friendly interest in the customer and *his* problems. And that's the first step in good salesmanship!

Take for instance, the Franklin Simon letter (*Figure 1*). Here's a letter to an account that has reached the "straining" point. Read that letter over carefully—word for word. *Is any further comment necessary?*

Figure 2 is a letter used by a credit executive who asked that his store's name be withheld. Notice how he tells the customer, *first*, that the merchandise is being delivered, *then* courteously asks for payment and adherence to terms. Isn't that better salesmanship for the "long pull" in good will than a curt turn-down?

The Jordan Marsh letter (*Figure 3*) is, in one man's opinion, a masterpiece of letter construction. Read that third paragraph: "Not for an instant do we want to disturb your account, and yet we feel that you will agree that it should be settled if—." That "if" is the action-getting part!

And in *Figure 4* is a new note: A letter on the personal letterhead of the credit manager—another letter that loses none of its effectiveness by taking a sincere interest in the customer.

Likewise, consider the Foley Brothers letter (*Figure 5*). It's in the last step in the collection process and yet—it's still polite—it's still trying to show the customer that the store is willing to go a long way to help him protect his credit. "Too long," you'll say. *Read it first and then decide!* No letter is too long if it gets results—*and that one should!*

FRANKLIN SIMON AND COMPANY
414 FIFTH AVENUE - NEW YORK

OFFICE OF THE
CREDIT MANAGER

①

My dear Mrs. ——

When authorizing delivery of the purchases which you made today, we were reminded of the fact that you have been a valued charge customer of our Shop for a number of years. We are appreciative of this generous patronage and hope to merit its active continuance.

In the past few years, we have tried to recognise that a number of our old customers due to existing economic conditions have been unable to pay their bills as promptly as was their custom in the past. We have accordingly endeavored to deviate from our established terms in such instances and as has been the case with your account, have extended the courtesy of a very generous amount of extra time on some of our bills.

A record of your purchases for the past two years indicates that payments have come to us at intervals over a period of approximately eight months. We very sincerely trust that the improvement in business conditions which has evidenced itself in the last few months has brought about a material betterment in your own affairs.

With this hope in mind, we take the liberty of soliciting closer adherence to our established thirty day terms and trust that you can conveniently arrange to meet with us in this.

We would appreciate hearing from you personally or better still, when you are next in the store, call upon the writer, at which time we are confident mutually agreeable arrangements can be made which will provide for our continuing to receive a liberal share of your patronage on terms agreeable to both of us.

Yours very truly,

---

②

Thank you for purchases made today which you requested charged to your thirty day account. The goods are going forward as requested.

However, your present account indicates a possible misunderstanding of terms. We are anxious to make your charge account with us a real convenience to you and cannot urge upon you too strongly the importance of meeting each month's bill promptly when due.

Your cooperation in this respect permits us to share with you the benefits derived from a prompt turn over of money. When you pay promptly, you help us to render profitable service in passing upon your current credit requirements.

May we not have your check for the enclosed statement by early mail?

Thank you.

JORDAN MARSH COMPANY
BOSTON, MASSACHUSETTS

③

Won't you please let us hear from you in regard to your account which is now considerably overdue?

Our one desire is to serve you to your complete satisfaction. We want to do our part too. That's why we are writing you about the balance due.

Not for an instant do we want to disturb your account, and yet we feel that you will agree that it should be settled if the charge privilege is not to be affected.

We feel too that if you were in our position, you would feel justified in requesting that immediate payment of your account should be made.

May we hear from you, please--right away?

Very truly yours,

JORDAN MARSH COMPANY

TEH:C

Collection Manager

H. E. WILSON
Manager Department of Accounts
GIMBEL BROTHERS
PITTSBURGH, PA.

④

¶ You have established for yourself a good credit rating. I can well believe, in times like these, when you are not able to settle as promptly as you used to, that you lie awake and wonder how you could arrange to pay the balance of your account.

¶ If you are not in a position to arrange settlement, I would, indeed, appreciate your personal call, as I have several plans in view that will enable you to conveniently liquidate the account on a monthly basis, in amounts suiting your convenience.

¶ After all, it is my duty to help our customers to help themselves before taking legal action, (which would, of course, affect the credit reputation which you have so carefully established) and you may be assured that you will receive my earnest co-operation.

¶ Won't you please phone or call to see me!

Cordially yours,

Manager-Department
of Accounts

HEW:22

Amount $

ROBT. COHEN VICE PRES. | F. J. MATZINGER SEC'Y TREAS.

FOLEY BROTHERS DRY GOODS CO.

HOUSTON, TEXAS.

Feb. 13, 1935

⑤

On ____________________ we will compile what is known as our semi-annual Profit and Loss report for the Houston Retail Credit Exchange, and in that report will be included the name, address and occupation of every person whose account we consider uncollectible.

A record of every person who buys on credit in the city of Houston is recorded in the files of the Houston Retail Credit Exchange and on such records our report is duly entered in order that the other merchants in the city of Houston may be forewarned against the further extension of credit to such persons whose names are so recorded.

An account is not included in a Profit and Loss report until such time as every reasonable opportunity has been afforded for the payment of the account that is due. An account is not reported until the credit department of an institution feels that it has exhausted its simple means of collection. However, after an account has been so reported it is customary for such an account to then be submitted to a collection agency, or to an attorney, or to an employer for final attention.

Is it not possible that you are unaware of the foregoing? Do you not think it would be advisable for you to give the matter of your account a moment's reflection and insure yourself against the embarrassment that a continued disregard of your obligation may cause you? PLEASE REMEMBER THAT YOUR TIME LIMIT IS ____________________

Soliciting the courtesy of your attention and assuring you that our Credit Department is willing to advise with you further in connection with your account, we are,

Very truly yours,

Report of the Finance Committee

(Fiscal Year Ending April 30, 1935)

THE Finance Committee appointed by President Reed for the fiscal year ending April 30, 1935, met immediately following the Convention at the Hotel Peabody, Memphis, Tennessee, on June 18, 1934. The members present were: Russell H. Fish, M. G. Riley, and A. B. Buckeridge (acting for Leroy T. Pease), with President Reed and General Manager-Treasurer Crowder sitting in as members *ex officio*.

After a careful survey of the possible income to be derived during the year, the Committee succeeded in formulating a budget which provided for all of the activities of the Association, based on the data furnished the Committee and conforming with all changes and actions taken by the Board of Directors at the Memphis meeting.

With the separation as of July 1, 1934, of the National Retail Credit Association and the National Consumer Credit Reporting Corporation, the cash working fund of $542.64 was divided equally. The accounts payable ($2,985.94) were likewise divided, $1,492.97 having been assumed by the National Retail Credit Association. The present administration, therefore, started the year with a deficit of $1,221.65 and Accounts Receivable amounting to $13,713.31.

The budget adopted for the fiscal year anticipated income of $62,150.00. Association dues were listed at $57,000.00 based on a membership as shown in the report for fiscal year ended April 30, 1934, of 13,270. Shortly after assuming charge (July 1, 1934), the General Manager-Treasurer had a count made of the membership cards and it was discovered that there was a discrepancy of 1,268 in the membership, the actual number of members as of April 30, 1934, being 12,004. The income, therefore, from Association dues amounted to $49,765 or $7,235 less than budgeted, of which the error in membership was responsible for $6,340. During the year it was necessary to charge off and cancel membership dues amounting to $5,623.00.

Another source of income amounting to approximately $2,500.00 was eliminated through the cancellation of 495 members of the Supervising Collection Department. These memberships were cancelled, inasmuch as the Collection Departments were owned and operated by the Credit Bureaus and they did not feel that they should carry dual memberships and it was deemed advisable to cancel them.

Dues of members of the Inter-bureau and Supervising Collection Departments of the National Consumer Credit Reporting Corporation were not paid by that Corporation. Mr. Guy H. Hulse, General Manager, contended that National Retail Credit Association dues were not provided for in the dues of the National Consumer Credit Reporting Corporation. Individual bureaus and privately owned Supervising Collection Departments paid National Retail Credit Association dues in the amount of $3,336.50.

Salaries were scheduled at $27,600 of which amount $22,167 was expended. All other items were budgeted at $32,210 and actual expenditures amounted to $30,067.

The Committee has followed closely, each month during the fiscal year, the financial operations of the Association as to both income and expenditures. Meetings of the Finance Committee were held in St. Louis on September 10th and 11th, and in Kansas City on February 17th. At the latter meeting it was recommended that in the future the fiscal year close as of May 31st, which would make it necessary for the National Office to operate for less than a month without a budget.

The General Manager-Treasurer assured the Committee that arrangements could be made to do this and the change was approved by the Board of Directors, subject, of course, to final approval at the Rochester Convention, at which time an amendment to the Constitution and By-Laws will be offered.

The Committee had the privilege of conferring with a number of auditors and after securing bids employed the firm of S. D. Leidesdorf & Company, Certified Public Accountants, to audit the books and records for the fiscal year now closed. We are pleased to report that the audit completed last month is most exacting and comprehensive. This, in some measure, was made possible by the fact that the records and materials from which the audit was made were such as to allow the work of the auditors to proceed with smoothness and assurance.

It has already been mentioned that the budget was based on the requirements of the Association operating on the policy laid down for the fiscal year now ended. The splendid results achieved are in a large measure due to the wise leadership of President Reed and General Manager-Treasurer Crowder, working at all times in close cooperation with the Finance Committee.

At no time in the history of the Association has the bookkeeping attained such a high standard as during the past year. Mr. Crowder not only has a clear grasp of the National Office and its problems, but he is deeply interested in everything with which he is entrusted. All suggestions made by the Committee were taken up with the keenest interest, which resulted in clarification of the items and records involved.

The Committee shares with the officers, directors, and members of the Association the satisfaction afforded in closing the fiscal year of the Association in our present financial condition.

We report that as of April 30th, all debts, including the current issue of The CREDIT WORLD and other expenses for April are paid and cash on hand in the amount of $4,026.28.

Respectfully submitted,

M. G. RILEY,
LEROY T. PEASE,
RUSSELL H. FISH, *Chairman.*

Your Washington News Bulletin

By R. PRESTON SHEALEY
Washington Counsel, National Retail Credit Association, Colorado Building, Washington, D. C.

FOREWORD

ENACTMENT of a revenue bill with increased taxes is proving to be somewhat easier than it was first thought possible; and as much of the "must" legislation is in its final stages, it is difficult to visualize much further prolongation of the present session of Congress.

When adjournment comes (before Labor Day, as now seems reasonably certain), it will be found that our legislators have so far avoided enactment of measures distinctly inflationary notwithstanding repeated pre-session prophecies of Washington forecasters to the contrary.

LEGISLATIVE

"Must" Status

Banking revision, social securities, motor carriers, public utilities and agricultural adjustment, all on the "must" program, are well along the road to enactment. Arbitration of labor disputes has already become a law.

In the November, 1934, Washington Bulletin (*Legislative*), the writer made the prediction that the legislation of the first session of the 74th Congress would not be of the destructive variety if the bonus hurdle could be successfully jumped. Of course, the bonus has only been disposed of for this session but increasing Federal and State taxation is making taxpayers so "tax conscious" that unwise soldier legislation does not possess as serious a threat as it once did.

Bankruptcy

Railroad bankruptcy reorganization may fail of enactment at this session. One bill revising *Sec. 77B* is on the House Calendar awaiting action, while another is being discussed by the House Judiciary Committee. General bankruptcy revision legislation is not on the program for this session.

DEPARTMENTAL

Interest Rates Decreasing

Heavy accumulations of money in financial institutions are bringing the inevitable result of lower mortgage interest rates. (So said the Federal Home Loan Bank Board, in a recent survey.) The Board notes, as the first factor in this result, that prospective investors are considering safety and not the high rate of interest of "boom" days. The same statement takes cognizance of building associations now federalizing and operating under Federal supervision. The Board has recently issued a Federal charter for one of the largest building associations in the country, the Railroad Cooperative Building and Loan Association of New York, an institution with nearly $50,000,000 in assets.

Mortgaged Customer's Homes

Just what proportion a customer owns of the value of his home is a question of importance in checking credits. A recent Department of Commerce survey of mortgage indebtedness on owner-occupied or rented city properties, a CWA project, answers this all-important question in sixty-five cities in the New England, Middle Atlantic, East North Central, West North Central, South Atlantic, East South Central, West South Central, Mountain and Pacific states areas.

Table 1 of the survey shows for both classes, owner-occupied and rented: Percentage of properties mortgaged; average value of mortgaged properties; average debt outstanding; and ratio of average debt to average value. The lowest percentage in the owner-occupied class is that of Butte, Montana, 41.3 per cent—the highest, Asheville, North Carolina, 68.3 per cent.

State Relief Now

August 1 witnessed the shift from FERA or direct relief to Works Progress Administration or state direct relief. Recommended projects of state administrators, now in charge of all relief are said to indicate that not over half of the available Federal funds can be placed under the new plan. The Federal Government makes a direct loan of 55 per cent on all such projects, but the states must supply the balance of 45 per cent, and their reluctance to do so is said to be reducing prospective use of relief funds to much less than was originally contemplated. Dr. Wilbur C. Plummer, nationally known as the director of the first and several succeeding retail credit surveys, is the state administrator for Pennsylvania.

Distribution Census Continued

The Census Bureau is about to try an experiment! Preparation in the way of card indices of persons 35 years old or over based on the census of 1900 is to be undertaken in the city of St. Louis, while the census of distribution for 1935 (much more comprehensive than the successful census of 1934) is to be undertaken with Philadelphia as headquarters. The forthcoming census will consist of retail and wholesale distribution, all service businesses, amusements, hotels, construction, transportation, insurance, finance and all professions. It will cover volume of business, employment, payrolls, and cost of doing business.

COURT DECISIONS

Sale Limitation Sustained

Moving a drug store from one location in a given block to another in the same block may not be invalid as constituting an undue restriction of business, but moving the same drug store from one block to another block may

have that effect. A covenant in *Allison v. Seigle,* decided June 29 by the D. C. Court of Appeals, read as follows: "I agree not to conduct, own, or operate a drug store within a radius of ten (10) blocks while said Seigle owns said drug business." The court held in this particular case that the covenant being limited as to time and space was a valid restriction and, therefore, sustained. *(Addyston Pipe case, 85 Fed. 271, cited.)*

Concealed Assets Recovered

Recovering concealed assets in bankruptcy proceedings without the benefit of an inventory as the starting point is very difficult. Every credit granter is well aware of that fact but *Irving Trust Co. v. Dorfman, et al., 2d. Cir.* (New York) is an exception to the rule.

The trustee did not have the benefit of a basic inventory but on the other hand, by checking purchases of piece goods materials and manufacture into dresses and sales of same, was able to prove a shortage of several thousands of yards. Sales of merchandise and overhead for corresponding periods were compared and resulted, in the opinion of the referee who made the estimate, in a shortage in cash.

Both the piece goods and cash shortage findings of the referee were sustained by the court. It is suggested to credit granters interested in "concealed goods" bankruptcy cases that examination of this and similar decisions for "leads" as to methods to be pursued in recovering concealed assets may prove to be profitable.

Nashville Association Elects

The Nashville (Tenn.) Retail Credit Association, at its recent annual election, named the following officers for the coming year:

Ben C. Nance, President; J. B. Shacklett, First Vice-President; Miss Minnie D. Oglesby, Second Vice-President; W. J. Stevens, Treasurer; and E. C. Harlan, Secretary.

Have you ordered your copy of the Convention Addresses and Department Store Group Conferences? See page 3.

Wisconsin State Meeting Report Crowded Out

The report of the Second Annual Conference of the Wisconsin Retail Credit Association (held at Appleton, Wisconsin) has been crowded out by material from the National Convention.

The following officers and directors were elected: President, Karl M. Haugen, Schlafer Hardware Co., Appleton; First Vice-President, J. L. Reinhart, Johnson & Hill Company, Wisconsin Rapids; Second Vice-President, V. S. Bond, Harry S. Manchester, Inc., Madison. Directors: Milton Youngs, Racine; Frank D. Kielich, Milwaukee; A. Roger Hook, Janesville; R. B. Krutzner, La Crosse; Dr. L. C. Sprague, Madison; and Mrs. A. C. Willott, Manitowoc.

National Director Erwin Kant of Milwaukee was made an honorary life member in recognition of his activities in the formation of the association.

Retail Credit Sales Control

(Continued from page 15.)

The ratio of charge business to total sales has never decreased during the period. We were able to maintain as liberal a credit policy during the depression as before and, so, summing up the remarks I have endeavored to present to you, let me emphasize the necessity for intelligent opening of the account, followed by consistent attention until collection is made.

Positions Wanted

Credit and Office Manager (35), twelve years' wholesale grocery experience, now employed, wants responsible position (with a future) with reliable West Coast firm—California preferred. Address, Box 81, CREDIT WORLD.

Credit Manager—Age 41, married. Nineteen years in sales promotion and retail credit. Excellent references as to character and ability. Box 82, The CREDIT WORLD.

The New "Gold" Membership Sign -- Our Most Popular Insignia

For the use of National members, we have developed a new National Membership Sign. Printed in deep purple, on heavy-weight gold cardboard, it makes an attractive, attention-getting emblem—worthy of a place in any credit office. Actual size, 6 inches wide by 7 inches deep—punched for hanging, if desired.

Prices: One, 15 cents; two, 25 cents; five, 50 cents. Special prices to local associations in lots of 100 or more

—with the name of the local association (instead of the National's) imprinted. Write for prices: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.

Try the New "Gold" Series Stickers!

*Printed One Color - - on Special Gold Paper - - Actual Size**
(1¾ in. x 2 in.) - - Five in the Series - - Price $3.00 per Thousand

Keep Your Credit As "Good As Gold"!

Prompt payment of accounts, according to terms, will build a priceless credit record—

"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

"Good Credit—

is worth more than all the gold mines in the world," said Webster.

Prompt Payment Builds Good Credit—"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

A Friendly Reminder!

As this account is overdue, your remittance will be greatly appreciated.

Prompt Payment Builds Good Credit—"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

Now—Please?

We know how easy it is to forget. Won't you send it now—please—while you have it in mind?

Prompt Payments Build Good Credit—"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

Past Due!

Prompt payment of this account is necessary to protect your credit record.

Safeguard Your Credit—It's "Worth More Than Gold"!

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

Also - -

The New Insert

(RIGHT)

for use with your statements and correspondence

Printed in two colors—red and black—on white paper. Actual size—3⅛" x 6"—to fit statement envelopes.

A timely message—to fit the times!

Price

$2.50

Per Thousand Postpaid

***Exact size of all forms shown by dotted lines.**

Let's Keep the Wheels Turning!

THE National Recovery Program has gone a long way in relieving unemployment. The Government is constantly developing new public works projects *—to put people back to work.* Slowly but surely conditions are improving and the wheels of industry beginning to turn again.

Let's keep the wheels turning! Credit, properly used—money in circulation—these are the dynamos of recovery. And the use of individual credit will help just as much as the use of national credit!

If every American citizen would make a patriotic effort to pay up all his bills—it would put billions of dollars into circulation. Money that could be used to buy more merchandise—stimulate production—and put millions back to work!

That's the quickest way to relieve unemployment!

National Retail Credit Association

Executive Offices TREAT YOUR CREDIT AS A SACRED TRUST **St. Louis, Mo.**

MEMBER

TREAT YOUR CREDIT AS A SACRED TRUST

National Retail Credit Association

And - - at the Left - -

The New "Gold" Emblem Sticker

For use on letters—statements—anywhere! Dignified—attractive reminders. Printed in one color on Special "Gold" paper.

Try them on "first" collection letters!

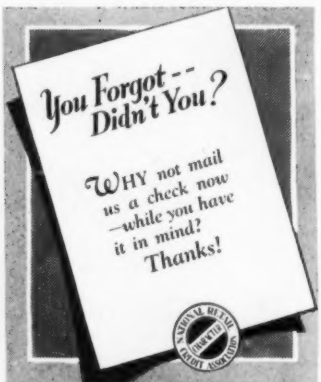
Price $1.50 per Thousand

Order from Your Credit Bureau or the National Office

Now--There Are Only Five Stickers--
In the "Standard" Sticker Series

There are now only *five* stickers in this series, as shown below. This facilitates handling orders for small assortments. Orders may be assorted in units of 100 (or multiples thereof) of each sticker. Minimum order, 1,000. Prices: 1,000 of any one sticker, $2.00---1,000 assorted, $2.50. (Small lots--less than 1,000 assorted--50 cents per 100)

Order from Your Credit Bureau or the National Office



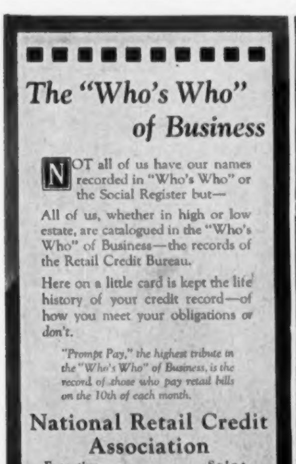
Use the "National" Inserts

(Shown Below)

"Credit-explanation" as well as "credit-education" is the mission of these little enclosures. Used with statements and collection correspondence, they explain the reasons for prompt payment, courteously and impersonally.

Printed in two colors—red and black—on a good grade of white paper. Actual size, 3⅛ x 6 inches. (Reproduced below one-half size.)

PRICE, $2.50 PER THOUSAND



The "Who's Who" of Business

NOT all of us have our names recorded in "Who's Who" or the Social Register but—

All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business—the records of the Retail Credit Bureau.

Here on a little card is kept the life history of your credit record—of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

National Retail Credit Association

Executive Offices — Saint Louis

The 10th of the Month Is Merchants' Pay Day!

THE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms:

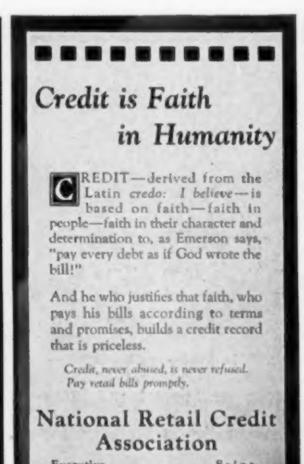
Each month's charges are due on the 10th of the following month.

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

National Retail Credit Association

Executive Offices — Saint Louis



Credit is Faith in Humanity

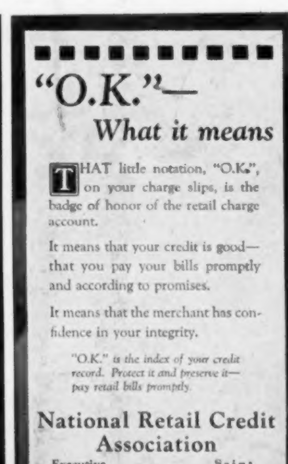
CREDIT—derived from the Latin *credo: I believe*—is based on faith—faith in people—faith in their character and determination to, as Emerson says, "pay every debt as if God wrote the bill!"

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused. Pay retail bills promptly.

National Retail Credit Association

Executive Offices — Saint Louis



"O.K."— What it means

THAT little notation, "O.K.", on your charge slips, is the badge of honor of the retail charge account.

It means that your credit is good—that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

"O.K." is the index of your credit record. Protect it and preserve it—pay retail bills promptly.

National Retail Credit Association

Executive Offices — Saint Louis